

From: [Cardiello, Frank](#)
To: [Hatfield, William S.](#); [Otero, Camille V.](#)
Cc: [Robert Brager](#); Thomas.Carroll@USDOJ.GOV
Subject: LCP
Date: Wednesday, July 01, 2015 3:39:00 PM
Attachments: [7.1.15 Ltr to Gibbons.PDF](#)
[LCP Chem., Inc. Exh. 9.PDF](#)
[LCP Chem., Inc. Exh. 10.PDF](#)
[LCP Chem., Inc. Exh. 11.PDF](#)
[LCP Chemicals, Inc. Exh. 2.PDF](#)
[LCP Chemicals, Inc. Exh. 4.PDF](#)
[LCP Chemicals, Inc. Exh. 6.PDF](#)
[LCP Chemicals, Inc. Exh. 8.PDF](#)
[LCP Chemicals, Inc. Exhibit 1.PDF](#)
[LCP Chem., Inc. Exh. 12.PDF](#)
[LCP Chem., Inc. Exh. 7.PDF](#)
[LCP Chemicals, Inc. Exh. 5.PDF](#)
[LCP Chemicals, Inc. Exh. 3.PDF](#)

Dear Counsel: Please see attached letter and Exhibits. Regards, Frank Cardiello



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

VIA OVERNIGHT DELIVERY

July 1, 2015

William S. Hatfield, Director
Gibbons P.C.
One Gateway Center
Newark, New Jersey 07102-5310

Re: LCP Chemicals, Inc. Superfund Site

Dear Mr. Hatfield:

This is in response to your letter of June 23, 2015.

On May 20, 2015, the Environmental Protection Agency ("EPA") issued a Unilateral Administrative Order ("UAO") to ISP Environmental Services, Inc. ("IES") and Praxair, Inc. ordering those parties to prepare a remedial design for the LCP Chemicals, Inc. Superfund Site. On June 12, 2015, at the request of IES and Praxair, EPA hosted a conference in accordance with paragraph 102 of the UAO. The subject paragraph states, "The purpose and scope of the conference shall be limited to issues involving the implementation of the response actions required by this Order and the extent to which Respondents intend to comply with this Order. This conference is not an evidentiary hearing, and does not constitute a proceeding to challenge this Order. It does not give Respondents a right to seek review of this Order, or to seek resolution of potential liability" This point was reiterated in EPA's correspondence to you confirming the arrangements for a conference, specifically, the conference was not intended to be a forum for debating liability. Consequently, at the conference, EPA declined to engage in a discussion about "which officials at EPA" had considered the documents submitted by IES. Debate was not the purpose of the conference. Suffice to say, EPA seriously considered all of the documents submitted and arguments made by IES prior to issuance of the UAO. Furthermore, although IES deviated from the intended purpose of the conference and used the opportunity to contest its liability, EPA nonetheless extended the effective date, re-reviewed your liability submittals and considered the information submitted at the conference.

EPA simply does not agree with IES's latest interpretations and conclusions about its corporate lineage. IES's current interpretations are diametrically opposed to what that entity has been saying since 1998. This "about face" is not supported by the documentation IES has submitted. Based upon the following facts, EPA is convinced that IES is the successor to and guarantor of GAF Corporation's liability for the remediation of the LCP Chemicals, Inc. Site.

- 1) During the time period 1928 to 1958 GAF Chemical Corporation (“GAF”) purchased several parcels of land in Linden, New Jersey, totaling over 170 acres. The land had a number of previous owners including DuPont and the Central Railroad Company of NJ. GAF developed these parcels, constructing numerous buildings, drainage ditches, above and below ground storage tanks and other structures. GAF commenced operations on these parcels which comprised the Linden facility. The various chemical processes conducted by GAF included a Chlor-Alkali operation on the southern 26 acres of GAF’s Linden facility. (See Exhibit 1).

During the course of operating its chemical businesses in Linden, NJ, GAF was the source of various spills, leaks, storages, discharges and other releases of a variety of hazardous substances.

- 2) In 1972, GAF sold the 26 acres of land which constitute the LCP Site and the structures on that land to LCP Chemicals, Inc. GAF continued its chemical operations on some of the remaining land which adjoins the land sold to LCP. However, after the sale, GAF maintained a considerable presence on and involvement with the land it sold to LCP. GAF and LCP exchanged numerous grants of Rights of Way (“ROW”) between the GAF retained property and the acreage that it sold to LCP. GAF retained 6 ROWs permitting its continued use of or access to the LCP-owned land (i.e., the Site). Among other rights, GAF retained continued use of rail tracks and roadways through the LCP property. LCP agreed to allow GAF’s continued use of the substation on the LCP property for GAF’s electric supply. GAF also retained the right to continue to release process waste waters into a drainage ditch that went across the LCP property into the Arthur Kill via the South Branch Creek. (See Exhibit 2). In addition, the overland flow of surface drainage water moved from the property that GAF continued to own, to adjacent areas, including, the LCP property. Contaminated groundwater emanating from beneath the GAF/IES owned portion of its Linden facility continues to flow under the LCP Site.
- 3) In April 1989, GAF was liquidated in accord with a Plan of Liquidation (the “Plan”) (Exhibit 3). In the Plan, GAF transferred “all assets, subject to all of its liabilities ... in complete cancellation of all its stock” to five entities. The overarching intention of the Plan is clear—namely, GAF was dividing its assets and liabilities between those five companies along the lines of business that GAF owned and operated, with the chemical operations going to Dorset Inc.; the building operations going to Edgecliff Inc.; the insurance operations going to Perth Inc.; the broadcasting operations going to Merick Inc.; and, the export operations going to Clover Inc.
- 4) The Plan provided that Old GAF transferred to Dorset Inc. (“Dorset”) “all the assets and liabilities, known and unknown, relating to its acetylenic chemicals, surfactants, specialty chemicals, organometals, mineral products, industrial filters and filter vessels businesses (collectively, the “Chemical Businesses”), including but not limited to ... (C) all[Old GAF’s] real property listed in Exhibit B attached hereto.” EPA believes the transfer of

liabilities to Dorset, as described in the Plan, includes (and was intended to include) all CERCLA liability that Old GAF had and might have relating to the LCP Site; furthermore, various statements made by or on behalf of IES and actions taken by IES or its affiliates since the Plan was created reinforce the view that the intent of the Plan was to transfer all of the Old GAF liabilities relating to the LCP Site to Dorset.

- 5) On April 10, 1989, the same date the Plan was executed, Old GAF and Dorset also entered into an Assignment and Assumption. (Exhibit 4). The Assumption, Paragraph 1.i, provides that Old GAF assigned to Dorset "all . . . liabilities, known and unknown, relating to . . . the "Chemicals Businesses." The Assumption further provides that Old GAF assigned to Dorset certain specific liabilities, including "100% of the liabilities arising out of (A) the production of Amiben; (B) Project Aware environmental clean-up costs; and (C) environmental claims arising out of plants currently operating in the Chemicals Business." But nothing in this language with respect to certain specific liabilities limits the assignment to Dorset of "all" liabilities associated with the Chemicals Businesses. (Instead, the specific assignment language appears to be intended to clarify that the listed liabilities are included in the liabilities of the Chemicals Businesses and assigned 100% to Dorset, in contrast to corporate overhead liabilities of Old GAF, such as workers comp, medical benefits, and pension plan termination costs, where Dorset took only 87.43655% of the full liability). EPA believes it is clear that the LCP Site liability was a liability of the Chemicals Business and thus 100% assigned to Dorset. In addition, EPA will be seeking documents relating to "Project Aware," however, believes that the term relates to environmental cleanup activities for the Linden, NJ facility.
- 6) In May 1991, IES entered into an Assumption of Liabilities and Continuing Obligations agreement with GAF Chemical Corporation and GAF Corporation. (Exhibit 5). The 1991 Assumption provides that ISP 9 (later to become IES) "... assumes the proper, full and timely payment and performance of all the liabilities, contingent or otherwise, and the obligations of [GAF Chemical Corporation] described in the attached schedule (the 'Assumed Liabilities')." The schedule attached to the 1991 Assumption stated "All liabilities and obligations relating to the manufacture and sale of specialty chemicals at Linden, NJ, known and unknown, contingent or otherwise, including liabilities for the cleanup of the Linden site . . ." (Emphasis added.)

In addition to the above, since 1989, IES itself has taken certain actions which are consistent with the EPA view (and, apparently the IES view, as well) that IES was, in fact, the successor to and guarantor of the CERCLA liability of GAF for the LCP Site. Some of these actions were as follows:

- 7) In May 1998, counsel for IES wrote to EPA stating that IES was "the successor to GAF Corporation with respect to the LCP Chemicals site." In June 1998, Counsel for IES

again wrote to EPA identifying IES as “the successor to GAF Corporation with respect to the LCP Chemicals Site.” (Exhibits 6 & 7).

- 8) In June 1998, IES responded to a CERCLA 104e Request for Information. (See Exhibit 7, page 1). In response to the first question, IES identifies itself as “ISP Environmental Services, Inc. (“ISP/ESI”) successor to GAF Corporation. (In a footnote, the response continues, “ISP Environmental Services Inc. is the present owner of and successor to the liability of an entity known as GAF Corporation when the LCP property was sold in 1972. The currently existing entity known as GAF Corporation has no direct relationship with ISP/ESI or the Linden site.” (Emphasis added.) Note that IES refers to the LCP property as “the Linden site.”

IES now argues that this statement was in error. IES, however, never amended its response to the 104e response, even though it was under an obligation to do so. This statement remained unchanged until IES submitted a new certification. EPA believes the new certification is self-serving and unpersuasive.

- 9) In November 1998, counsel for IES wrote to EPA and, on IES’s behalf, made a good faith offer to perform the RI/FS at the LCP site. (Exhibit 8). Counsel for IES again refers to IES’s corporate connection to GAF when he stated that “... the contamination at the site occurred after the 1972 sale by [IES’s] predecessor to LCP.” (Exhibit 8, p. 1)

Counsel goes on to argue that the New Jersey Department of Environmental Protection should be the lead agency at the LCP Site because, among other things, “NJDEP is overseeing the remediation of [IES’s] adjoining property.” Counsel for IES clearly perceived the two connected properties as a unit. (Exhibit 8, p. 3).

- 10) In March 1999, counsel for IES wrote to EPA and provided comments to a draft Consent Order which was being negotiated for performance of the RI/FS. (Exhibit 9). In this correspondence, counsel states that “[IES] is not successor to GAF Corporation and this should not be reflected as such in the findings of fact.” No other explanation is provided. EPA reads this letter as indicating only that counsel did not want to confuse the old GAF Corporation with the reorganized entity.
- 11) In May 1999, IES and EPA executed an Administrative Order on Consent (“1999 Order”) for the performance of the RI/FS. (Exhibit 10) The 1999 Order was signed by IES’s Vice President of Environmental Services. Paragraph 13 of the 1999 Order stated that “Respondent to the Consent Order is ISP Environmental Services, Inc. (which has assumed the liabilities of GAF Corporation) ...” (Emphasis added.) Unlike its response to the 104(e) Request for Information which IES dismisses as only having been signed by a site manager, the 1999 Order was signed by an IES’s vice president. These representations were made closest in time to the preparation of the liquidation and

reorganization documents discussed above, and would therefore carry the greatest weight as to IES's understanding and interpretation of its own documents.

- 12) In September 1999, in conjunction with IES's attempt to obtain access to the LCP site, Counsel for IES drafted a Verified Complaint and Letter Brief (Exhibit 11). The draft letter brief, a copy of which was sent to EPA, stated, "LCP purchased the Property from ISP's predecessor, GAF Corporation, in 1972." (Letter Brief, p.2).
- 13) From 1999 until 2014, IES performed its obligations under the 1999 Order without comment or discussion about its corporate lineage (or lack thereof).
- 14) In December 2005, International Specialty Holdings Inc. and ISP Chemco Inc., through counsel (collectively, "ISP"), submitted a letter with the staff of the Security and Exchange Commission ("SEC") responding to the SEC's comments on Forms 10-K for fiscal year 2004 that ISP filed (Exhibit 12). In its letter, ISP stated, that "[t]he environmental provisions that are classified as "non-operating" relate to property in Linden, New Jersey and a former business operated on the Linden property prior to [ISP's] ownership of the property. [ISP's] Linden property was owned by GAF Corporation ("GAF"), which is an affiliate of [ISP]. A portion of this property was sold to a third party in 1972 and the remaining portion was owned by GAF until 1991. By April 1991, GAF had divested all of the businesses that it had historically operated in Linden. In May of 1991, in connection with a contemplated IPO transaction, GAF transferred the remaining property that it owned in Linden to one of our subsidiaries, together with all environmental liabilities related to the business operations of GAF and its predecessors in Linden (the "Linden Liabilities")." This letter makes clear that ISP viewed its environmental liabilities with respect to operations in Linden to include the LCP Site and "all environmental liabilities related to the business operations of GAF and its predecessors in Linden."
- 15) We note that in connection with the bankruptcy case of G-I Holdings Inc., et al. and related legal matters, IES was repeatedly identified to the United States by representatives of the "ISP Entities" (as that term is used in the Consent Decree with respect to environmental liabilities in that matter) as the successor to Old GAF with respect to the LCP Site.

The above facts leave little doubt that IES understood and interpreted the liquidation and reorganization documents as charging it with the responsibility to clean up the LCP site. IES's actions regarding the LCP Site show that IES itself, several years after the time when the liquidation and reorganization documents were created, interpreted those documents as meaning that IES was legally responsible for the CERCLA liability of Old GAF and Dorset relating to the LCP site. The recent position to the contrary by IES is clearly not supported by the historical record nor is it consistent with the actions taken by IES itself for more than a decade ending in 2014 when EPA issued a ROD relating to the Site.

In closing, EPA continues to believe that IES is the successor to and guarantor of the liability of GAF Corporation for the remediation of the LCP Chemicals Site. We urge IES to comply with the UAO and perform the design of the remedy for the LCP Chemicals, Inc. Superfund Site.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank X. Cardiello". The signature is fluid and cursive, with a large "F" and "C".

Frank X. Cardiello
Assistant Regional Counsel

cc. Thomas Carroll
U.S. Department of Justice

Robert Brager
Beverage & Diamond

EXHIBIT 9

WOLFF & SAMSON

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OF COUNSEL

March 24, 1999

VIA TELECOPY AND OVERNIGHT MAIL

Muthu Sundram, Esq.
Assistant Regional Counsel
Office of Regional Counsel
US Environmental Protection Agency - Region II
290 Broadway, 17th Floor
New York, NY 10007

Re: LCP Chemicals Site - Draft Consent Order

Dear Mr. Sundram:

As you requested, ISP Environmental Services Inc. has reviewed the proposed modifications to the Consent Order and Scope of Work. ISP's comments to the Scope of Work are attached. The following are ISP's comments to the revised draft Consent Order.

1. In paragraph 8, please delete the parenthetical referring to ISP Environmental Services Inc. as successor to GAF Corporation. ISP Environmental Services Inc. is not successor to GAF Corporation and this should not be reflected as such in the findings of fact.

2. In the seventh line of paragraph 8, please insert the word "Corporation" after the reference to GAF.

3. Please delete the last three sentences of paragraph 8; ISP Environmental Services Inc. does not agree with these findings.

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Muthu Sundram, Esq.

March 24, 1999

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4. With respect to paragraph 10 of the findings, ISP Environmental Services Inc. does not agree that leaching of contaminants into South Branch Creek is ongoing, nor does ISP agree that Pralls Island could be impacted. Please delete these sentences from paragraph 10.

5. Please replace paragraph 11 with a simple finding that mercury is a contaminant of concern at the site.

6. With respect to paragraph 13, please add "DuPont and Allied Signal" to the list of potentially responsible parties.

7. In paragraph 14(a), please delete the words, "predecessor to ISP Environmental Services Inc.".

8. ISP requests the extension of the stipulated deadlines. This is particularly important to ISP because, in many instances, it will be awaiting comments from EPA before proceeding, and is also subject to stipulated penalties if deadlines are missed. Therefore, we request the following changes:

a. Extend to ninety (90) days the deadline to submit the RI/FS work plan. Extend to twenty-four (24) months the deadline for submission of the final FS report.

b. Extend from twenty-one (21) days to thirty (30) days the deadline for responding to EPA's comments on the work plan.

c. Extend from twenty-one (21) days to thirty (30) days, the deadline for responding to comments on the field operations plan.

d. In Task III, extend from forty-five (45) days to sixty (60) days the deadline for submittal of validated analytical data.

e. Extend from seven (7) days to fourteen (14) days of completion of field activities.

f. The deadline for notifying EPA in writing of completion of these activities extend from thirty (30) days to sixty (60) days.

g. The deadline for submission of a technical memorandum for identification of candidate technologies should be extended from thirty (30) days to sixty (60) days.

WOLFF & SAMSON

Muthu Sundram, Esq.

March 24, 1999

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h. Extend from twenty-one (21) days to thirty (30) days the deadline for responding to EPA comments to this memorandum.

i. In Task V - Treatability Studies, extend the twenty-one (21) day deadline for responding to EPA comments to thirty (30) days in each instance.

j. In Task VII, extend from forty-five (45) days to sixty (60) days the time period to make the presentation to EPA and the state concerning the findings of the RI. I

k. In Task VIII, extend from twenty-one (21) days to thirty (30) days the deadline for responding to EPA comments.

l. In Task IX, Feasibility Study Report, extend from twenty-one (21) days to thirty (30) days the deadline for responding to EPA comments.

9. Based on the information known on this site on contaminants and areas of concern and the redundancy of the requested information, ISP requests the elimination of the following: The Site Characterization Summary Report, The Preliminary Findings of the RI With Remedial Action Objectives and Screening of Remedial Alternatives, The Draft RI Report and FS Report. ISP believes these requirements can be stream lined and the intent of this work met by preparing a draft RI Report (Task VIII) and focus FS Report (Task IX).

10. ISP is concerned about paragraph 50. Given that LCP is in bankruptcy and, we understand that the property has been abandoned by the trustee, it is not clear how ISP can gain access to this site. We understand, however, that EPA does have a prior determination from the bankruptcy court establishing its rights vis-a-vis the property. Please provide us a copy of the documents received from the Bankruptcy Court establishing EPA's rights as to the property. ISP also objects to any requirement that it pay compensation to LCP to gain access to the property. LCP is itself a PRP for this site and should not be entitled to be reimbursed or paid for access in connection with the remediation. This sentence must be deleted from paragraph 50. In the event ISP cannot obtain access to the property, it should be up to EPA to obtain that access at no cost to ISP. These access concerns provide yet another basis for transferring the lead on this case to NJDEP so that ISP may take advantage of the access provisions under state law.

11. With respect to Paragraph 20, ISP does not admit that it is a responsible party under CERCLA. ISP is willing to enter into a Consent Order and to conduct the RI/FS without any admission of liability on its part in an effort to settle the matter without the need for litigation. Language reflecting this needs to be added to Paragraph 20 even though it is present elsewhere in the order.

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Muthu Sundram, Esq.

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12. ISP requests that the required progress reports, be submitted on a quarterly, rather than a monthly basis. This request is made due to the time frame usually involved in undertaking remedial investigation and feasibility studies. Therefore, monthly progress reports should be unnecessary. Also, that (2) of this paragraph dealing with all results and data during the previous month, be deleted.

13. In paragraph 56, extend the deadline for submitting reports concerning data validity from fifteen (15) days to thirty (30) days.

14. ISP requests that the dispute resolution provisions be expanded as ISP has seen previously in other EPA Consent Orders. I have enclosed a copy of the dispute resolution provisions from the Piciullo Superfund site in Region One which we believe can be used a model for a better dispute resolution mechanism that would be expanded to include all potential disputes between the parties.

15. With respect to stipulated penalties, ISP requests that a provision be added that any disputed stipulated penalties be paid into escrow until resolution through the ADR process.

16. Given the short deadlines imposed in the Order, even with the extensions requested, the amounts of the stipulated penalties provided are excessive. The amount set forth in paragraphs 65, 66, and 67 should all be reduced by 50%.

17. Paragraph 68 should clearly indicate that continual accrual of stipulated penalties is tolled during the dispute resolution process.

18. In Paragraph 72, please delete the last sentence.

19. In Paragraph 76(B), please provide a cap on reimbursement of all response costs including oversight costs at \$85,000. As ISP is the only LCP site participant, we believe that it is appropriate for the USEPA to seek recovery of any further oversight costs from non-participating PRPs or to consider making this concession in view of the fact that at the site there is such a large orphan share not accounted for.

20. Please delete the second sentence in paragraph 77.

21. ISP continues to be concerned about the financial assurance and insurance indemnification provisions of the Consent Order. First, with respect to paragraphs 88 and 89, ISP notes that it has provided self-guaranty in performance of the remediation on an adjacent property. A self-guaranty should be all that is necessary for financial assurance. Moreover, it is not clear whether EPA intends to allow ISP to draw funds out of the trust account or financial

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Muthu Sundram, Esq.

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instrument to pay for the Remedial Investigation/Feasibility Study activities on a quarterly basis as the work progresses. The provisions for replenishing these funds make no sense if this is not the case. If this is the case, a requirement to pay these funds into a trust account or a quarterly bases, makes no sense. ISP therefore requests that these paragraphs be deleted or replaced with a provision for a self-guaranty.

22. ISP questions the need for the CGL insurance in the amount of \$10,000,000 for Remedial Investigation/Feasibility Study work specified in paragraph 90. ISP does not recall seeing similar insurance requirements in other Consent Orders it has executed. Please provide the basis for this requirement. As an alternative, ISP suggests that the provision be limited to the insurance requirements applicable to contractors performing work for ISP.

23. ISP is concerned with respect to paragraph 62. The Consent Order contemplates an ongoing exchange of information between the parties in that documents submitted by ISP will be modified to reflect EPA comments. To the extent EPA requires modifications to documents, they should not be deemed of unacceptable quality so as to trigger stipulated penalties. Paragraph 62 has to be modified to indicate this reality.

24. ISP requests that a provision for a "covenant not to sue" as long as respondent is in compliance with the Consent Order be inserted.

25. ISP requests that a provision for "contribution protection" be specified in this Consent Order.

26. When ISP indicated its concern over the holding in United States v. Occidental Chemical Corp., (1998 WL883722, (M.D. Pa.), you informed us that the wording in this Consent Order would take that decision into account and not be a bar prohibiting the government or ISP being able to recover past response costs from non-settling parties. Therefore, this wording should be inserted to address this concern.

ISP looks forward to continuing discussions with you to finalize the terms of this Order. As I mentioned to you in our prior communications, if it makes sense for us to meet face to face to finalize this document, we would be happy to do so.

Very truly yours,


DENNIS M. TOFT

DMT:jmc

cc: Patricia Simmons (via telecopy)

EXHIBIT 12

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<SEQUENCE>1

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INTERNATIONAL SPECIALTY HOLDINGS INC. AND ISP CHEMCO INC. HAVE REQUESTED CONFIDENTIAL TREATMENT FOR PORTIONS OF THIS LETTER PURSUANT TO RULE 83 (17 C.F.R. SEC. 200.83). THE CONFIDENTIAL PORTIONS HAVE BEEN REDACTED AND ARE DENOTED BY [***]. THE CONFIDENTIAL PORTIONS HAVE BEEN SEPARATELY PROVIDED TO THE SECURITIES AND EXCHANGE COMMISSION.

ISP-00001

[WEIL, GOTSHAL & MANGES LLP LETTERHEAD]

December 9, 2005

BY EDGAR

Marie Trimeloni
Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549

Re: SEC Comment Letter dated November 10, 2005 Regarding

International Specialty Holdings Inc. and ISP Chemco Inc.

Dear Ms. Trimeloni:

Our clients, International Specialty Holdings Inc. ("Holdings") and ISP Chemco Inc. ("Chemco"), parent and subsidiary, respectively, are in receipt of a comment letter from the Securities and Exchange Commission (the "Commission") dated November 10, 2005 (the "November 10th Letter") regarding their respective Forms 10-K for the fiscal year ended December 31, 2004 and the Holdings Form 10-Q for the quarterly period ended July 3, 2005. On behalf of Holdings and Chemco, we provide this response to the November 10th Letter.

GENERAL

1. TO THE EXTENT APPLICABLE, THE FOLLOWING COMMENTS SHOULD BE ADDRESSED BY BOTH INTERNATIONAL SPECIALTY HOLDINGS INC. AND ISP CHEMCO INC.

To the extent applicable, each of Holdings and Chemco will address the Staff's comments.

International Specialty Holdings Inc.

In this section, the terms "we", "our" and the "Company" refer to Holdings.

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INTERNATIONAL SPECIALTY HOLDINGS INC. AND ISP CHEMCO INC. HAVE REQUESTED CONFIDENTIAL TREATMENT FOR PORTIONS OF THIS LETTER PURSUANT TO RULE 83 (17 C.F.R. SEC. 200.83). THE CONFIDENTIAL PORTIONS HAVE BEEN REDACTED AND ARE DENOTED BY [***]. THE CONFIDENTIAL PORTIONS HAVE BEEN SEPARATELY PROVIDED TO THE SECURITIES AND EXCHANGE COMMISSION.

ISP-00002

2. WE NOTE FROM YOUR RESPONSE TO COMMENT 4 THAT THE SURFACTANTS PRODUCT LINE WAS NOT ACCOUNTED FOR AS A DISCONTINUED OPERATION. IT IS NOT APPROPRIATE TO REFLECT OPERATING TYPE COSTS WITHIN NONOPERATING COSTS SIMPLY BECAUSE THEY "DO NOT RELATE TO CURRENT OPERATIONS." ACCORDINGLY, WE BELIEVE THE RELATED ENVIRONMENTAL PROVISION SHOULD BE REFLECTED AS AN OPERATING EXPENSE. PLEASE REVISE.

We supplementally advise the Staff that, while we acknowledge that referring to the surfactants product line as "discontinued" is not appropriate, (1) we believe that the treatment of the environmental provisions as non-operating expenses is appropriate because they do not relate to any past or present operations of the Company.

The environmental provisions that are classified as "non-operating" relate to property in Linden, New Jersey and a former business operated on the Linden property prior to the Company's ownership of the property. The Company's Linden property was owned by GAF Corporation ("GAF"), which is an affiliate of the Company. A portion of this property was sold by GAF to a third party in 1972 and the remaining portion was owned by GAF until 1991. By April 1991, GAF had divested all of the businesses that it had historically operated in Linden. In May of 1991, in connection with a contemplated IPO transaction, GAF transferred the remaining property that it owned in Linden to one of our subsidiaries, together with all environmental liabilities related to the business operations of GAF and its predecessors in Linden (the "Linden Liabilities"). Since the Linden operations were never part of our business, neither the Company nor International Specialty Products Inc. ("ISP"), our parent company, ever reported any operating results related to GAF's business or the products produced at the Linden site in their respective financial statements.

From the time of the transfer of the Linden property to the Company from GAF, our intent was to convert the real estate to a non-chemical operation function and to complete the remediation of the environmental contamination. Since 1991, the Company has explored several alternative uses for the property including the use of the site as a waste incinerator facility or for warehousing. All of the possible uses that have been actively pursued by the Company are unrelated to our principal lines of business. To date, substantial environmental remediation efforts have been undertaken at the Linden site and significant other efforts have been completed in preparation for the development and/or sale of the property, including (i) receiving approval from the City of Linden for constructing a warehouse distribution center, (ii) obtaining a commitment from the New Jersey Turnpike Authority for a direct route to the site and (iii)

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- (1) As we noted in our letter, dated October 20, 2005, to the Staff, in future filings we will eliminate the use of the word "discontinued" in referring to these operations.

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retaining a real estate broker to solicit and evaluate bids for this site. Because the ultimate disposition of the property will be unrelated to our principal lines of business, any gain or loss that may be realized will be treated as non-operating. Based upon the input of the advisors who have been assisting us with the development of the Linden property, our expectation is that the fair value of the property is in excess of its carrying value.

SAB Topic 5, Section P indicates that "charges which relate to activities for which the revenues and expenses have historically been included in operating income should generally be classified as an operating expense." Because the business and operations of GAF, which gave rise to the Linden Liabilities, have never been included in ISP's operating income, we do not believe that the related environmental provision should be included as an operating expense. Similar guidance is provided by FASB Statement of Concepts No. 6, paragraph 86 which states that the classification of an item as operating rather than non-operating is dependent upon the relationship of the charge to "an entity's major ongoing or central operations and activities". Based on this guidance, we believe that the expenses pertaining to the Linden property and the former business conducted by GAF should not be characterized as an operating expense because such expenses are not related to our principal activity of manufacturing and selling chemical products.

We have also considered the applicability of SOP 96-1, paragraph 149 to our fact pattern and believe that it is inapplicable because "the events underlying the incurrence of the obligation" (i.e., the environmental liabilities) do not "relate to [the] entity's operations."

We further supplementally advise the Staff that, in contrast to our treatment of the Linden-related environmental provisions, the Company's environmental provisions relating to locations involved with either our past or current lines of business are included in operating income.

3. SIMILARLY, WE BELIEVE YOUR LEGAL AND RELATED COSTS DISCUSSED IN YOUR RESPONSE TO COMMENT 5 SHOULD ALSO BE REFLECTED AS AN OPERATING EXPENSE. PLEASE REVISE ACCORDINGLY.

We supplementally advise the Staff that the legal and related costs previously recorded as non-operating expenses consist of two categories of expense. The first category represents legal costs incurred in connection with the Company's collection of insurance proceeds, substantially all of which are related to the Linden Liabilities, and the Company's development

activities for the Linden property discussed in our response to Comment 2 above. For the fiscal year ended December 31, 2004, these Linden-related legal costs amounted to approximately \$700,000. We believe that these expenses should be accorded the same treatment as the environmental provisions referred to in Comment 2 above as they do not relate to the Company's past or present operations. The balance of the amounts included

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in legal and related costs consist of legal expenses that relate to matters other than the Company's activities at Linden. In the Company's Form 10-Q for the period ending October 2, 2005 (filed with the SEC on November 16, 2005), the Company included these expenses as operating expenses and related amounts for the previous year were reclassified accordingly. Likewise, in future filings all similar non-Linden related legal and related costs will be treated as operating expenses.

4. WHEN YOU INCUR EXPENSES THAT YOU BELIEVE ARE NOT ASSOCIATED WITH YOUR CURRENT OPERATING ACTIVITIES, BUT SUCH EXPENSES ARE REQUIRED TO BE INCLUDED IN THE DETERMINATION OF OPERATING INCOME, SUCH AS THOSE EXPENSES NOTED ABOVE, YOU MAY WANT TO CONSIDER HIGHLIGHTING THE EFFECT OF THESE ITEMS IN MD&A. SEE INSTRUCTION #3 TO ITEM 303(a) OF S-K.

If applicable, in our future filings, we will consider highlighting in our MD&A the effect of expenses that are required to be included in operating income but which we do not believe to be associated with our current operating activities.

Note 2. Summary of Significant Accounting Policies

Environmental Liability, page F-37

5. WE NOTE YOUR RESPONSE TO COMMENT 8. WE NOTE THAT YOU HAVE NOT ADDRESSED HOW YOU ACCOUNT FOR INSURANCE RECOVERIES. IN THIS REGARD, PLEASE NOTE OUR COMMENT FOR ISP CHEMCO, INC. REGARDING ENVIRONMENTAL LITIGATION.

In the Company's Form 10-Q for the period ending October 2, 2005 (filed with the SEC on November 16, 2005), we expanded our accounting policy for environmental liability to clarify that we recognize receivables for estimated environmental recoveries that relate to both past expenses and estimated future liabilities when the claim for recovery is deemed probable. We will include similar disclosure in our future annual filings on Form 10-K. Please see the response to Comment 11, which is applicable to Holdings as well as to Chemco, for further discussion.

Note 18. Business Segment Information, page F-67

- 6. WE NOTE FROM YOUR RESPONSE TO COMMENT 11 THAT YOUR FOUR SPECIALTY CHEMICALS

PRODUCT LINES ARE OPERATING SEGMENTS AS DEFINED BY PARAGRAPH 10 OF SFAS NO. 131. WE ALSO NOTE THAT THE PERSONAL CARE; PHARMACEUTICAL, FOOD AND BEVERAGE; AND PERFORMANCE CHEMICALS OPERATING SEGMENTS MEET THE QUANTITATIVE THRESHOLD TO BE A REPORTABLE OPERATING SEGMENT PURSUANT TO PARAGRAPH 18 OF SFAS 131. ADDITIONALLY, WE NOTE THAT YOU BELIEVE THAT THESE FOUR OPERATING SEGMENTS MEET THE CRITERIA FOR AGGREGATION AS SET FORTH IN

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PARAGRAPH 17 OF SFAS 131. PLEASE NOTE THAT WE BELIEVE THAT THERE IS A HIGH THRESHOLD FOR DETERMINING "SIMILARITY" AS IT RELATES TO THE AGGREGATION CRITERIA OF SFAS 131. WITH THIS IN MIND, WE HAVE THE FOLLOWING COMMENTS:

- O PROVIDE TO US YOUR LATEST FIVE YEARS OF SALES AND GROSS MARGIN TRENDS FOR EACH OF THESE OPERATING SEGMENTS. PLEASE ADDRESS ANY INCONSISTENCIES IN THE TRENDS THEY DEPICT.

See the schedule of Specialty Chemicals sales and gross margin trends for the five-year period from 2000 to 2004, which is set forth below:

[***]

- O WE BELIEVE THAT YOU HAVE PRESENTED AN OVERLY BROAD VIEW OF WHAT CONSTITUTES SIMILAR PRODUCTS. DIFFERENTIATE FOR US THE NATURE OF PRODUCTS SOLD WITHIN EACH OPERATING SEGMENT. FOR INSTANCE, CLARIFY HOW THE SPECIFIC PRODUCTS SOLD TO YOUR PHARMACEUTICAL CUSTOMERS ARE SIMILAR TO THE SPECIFIC PRODUCTS SOLD WITHIN YOUR OTHER OPERATING SEGMENTS. THE FACT THAT THE PRODUCTS ARE "...MARKETED TO CUSTOMERS WHO INTEGRATE THEM INTO CONSUMER AND INDUSTRIAL PRODUCTS WHICH ARE SOLD WORLDWIDE" DOES NOT NECESSARILY MAKE THESE PRODUCTS SIMILAR.

Nature of the Products:

Over 80% of our Specialty Chemicals products sales come from the same acetylene-based root chemistry. The two major chemical product families produced are polyvinyl pyrrolidone (PVP) polymers and copolymers, and methyl vinyl ether/maleic anhydride (MVE/MA) copolymers. These chemicals share common functional properties and serve as fixatives, dispersants, binders, solubilizers, disintegrants, stabilizers, clarifiers and adhesives used in numerous applications. Because of these characteristics, our specialty chemicals are important ingredients for applications involving personal care products such as skin care and hair care, pharmaceutical and oral care products, food and beverages, and performance chemical products such as coatings, adhesives, and household and industrial cleaning products. The vast majority of our Specialty Chemicals products are produced by the same chemical processes primarily at two manufacturing facilities. In fact, many of the products are essentially identical with the same basic specifications and are sold into multiple industries.

Our PVP product family includes what we refer to as crosslinked PVP

(insoluble form) which is used for the exact same application of disintegration (e.g., breaking a tablet apart) whether it is in a performance chemicals product such as a detergent laundry tablet, or pharmaceutical and oral care products such as a vitamin tablet or a denture-cleaning tablet. Crosslinked PVP is also used as a stabilizer and

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clarifier in beverage products such as beer, tea and fruit juices. Other PVP products are used in pharmaceutical applications such as tablet binders and denture adhesives; personal care products such as hairspray resins and styling gels; and performance chemicals products used as coatings for digital printing and imaging and dye transfer inhibitor for laundry detergents.

Our MVE/MA products are used in pharmaceutical and oral care applications such as toothpaste and denture adhesives; and personal care products such as hairspray resins and styling gels.

Sales from these two major acetylene-based polymer product families represent approximately 59% of personal care, 56% of performance chemicals, and 74% of pharmaceutical, food and beverage product line sales for the year 2004. Also, the average gross profit margins for these two major specialty chemical product families are similar.

- O WE BELIEVE YOU HAVE PRESENTED AN OVERLY BROAD VIEW OF WHAT CONSTITUTES SIMILAR TYPES OR CLASS OF CUSTOMERS. THE FACT THAT YOUR OPERATING SEGMENTS SELL TO "...GLOBAL COMPANIES, MANY OF WHICH ARE LEADERS IN THEIR RESPECTIVE INDUSTRIES, WHICH UTILIZE THEM IN THE MANUFACTURE OF CONSUMER AND INDUSTRIAL PRODUCTS" DOES NOT NECESSARILY MAKE THE CUSTOMERS WITHIN EACH OF YOUR OPERATING SEGMENTS SIMILAR. FOR INSTANCE, CLARIFY HOW YOUR CUSTOMERS THAT ARE GLOBAL PHARMACEUTICAL COMPANIES ARE SIMILAR TO YOUR CUSTOMERS THAT ARE GLOBAL FOOD AND BEVERAGE COMPANIES. SPECIFICALLY ADDRESS THE UNDERLYING ECONOMIC DRIVERS OF THESE CUSTOMERS.

Type or Class of Customer:

Sales of the products within our Specialty Chemicals segment are generally targeted to customers interested in value-added, customized products that are accompanied by extensive technical service and support. These customers share a need to purchase technically-sophisticated, enabling ingredients that provide the critical, common functionalities outlined in our response regarding the nature of the products.

In a number of cases, multinational companies are purchasing ISP products (in some cases, identical products) for several different product lines and businesses. For example, among our major global customers purchasing similar products from our different product group categories are the following:

| | | Pharmaceutical | Personal Care | Performance |
|---|---------|----------------|---------------|-------------|
| o | Colgate | X | X | X |
| o | P&G | X | X | X |

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| | | Pharmaceutical | Personal Care | Performance |
|---|-------------------|----------------|---------------|-------------|
| o | Unilever | | X | X |
| o | Henkel | | X | X |
| o | Reckitt Benckiser | X | | X |
| o | J&J | X | X | |
| o | 3M | X | X | X |

It is important to note that most of these companies have single purchasing agents for all of the chemicals they purchase from ISP. Additionally, our Sales, Marketing and Technical Service organizations are shared across all product lines within the Specialty Chemicals segment. For each of the key multinational customers listed above, one ISP sales person, in most cases, is responsible for all of the sales activity for that customer, regardless of the product line.

The underlying economic drivers of the majority of our Specialty Chemicals customers include GDP growth, product innovation and consumer acceptance, global demand, population growth and demographics.

- O PROVIDE A MORE COMPREHENSIVE ANALYSIS OF THE SPECIFIC REGULATORY REQUIREMENTS UNDER WHICH EACH OF YOUR OPERATING SEGMENTS OPERATE. CLARIFY WHAT YOU MEAN BY "...THE REGULATORY ENVIRONMENT IS GENERALLY THE SAME FOR THE PREPONDERANCE OF THE BUSINESS..."

Nature of Regulatory Environment:

The products sold by our Specialty Chemicals segment are subject to both substantial government regulation and customer oversight. In particular:

- o The facilities that manufacture products for each of the product lines within the Specialty Chemicals segment are subject to compliance with state DEP, federal EPA and OSHA regulations.
- o Customers from all product lines within Specialty Chemicals require that our plants be subject to a detailed customer audit. Such audits (irrespective of product line) typically require similar levels of cleanliness, record-keeping and quality systems.

- o All of our major facilities are covered by the ISO 9000-2000 certification (often a customer requirement), which mandates standard operating procedures for all aspects, of the manufacturing process, including procurement, storage, production, quality and distribution. The ISO regulations also require demonstrated continuous improvement programs as well as periodic audits of all systems required to maintain certification.

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- o The products within Specialty Chemicals require stringent regulatory compliance, which is common in purpose. For instance, pharmaceutical and fine chemical products must be produced under current Good Manufacturing Practice (cGMP) conditions that require additional record-keeping and process and quality system validation on an ongoing basis. As another example, plants producing pharmaceutical products and some personal care and food products are subject to FDA inspection for conformance to process and quality system compliance. In addition, products for personal care and performance chemicals are produced on the same equipment and are subject to similar process conditions.
- o All new products for each product line within Specialty Chemicals must be fully tested for safety and efficacy before entering the market.
- o The responsibility for conformance to the various regulations and customer audits in the Specialty Chemicals segment is managed by the ISP Quality Assurance and Product Stewardship groups. These groups manage the appropriate functions for all products in the Specialty Chemicals segment and are led by one management team.

Quarterly Financial Data, page F-76

7. WE NOTE YOUR RESPONSE TO COMMENT 12. IN FUTURE FILINGS THAT REQUIRE QUARTERLY FINANCIAL DATA, PLEASE INCLUDE FOOTNOTES TO THE QUARTERLY FINANCIAL DATA SCHEDULE TO EXPLAIN (AS YOU HAVE DONE IN YOUR RESPONSE) ANY UNUSUAL OR INFREQUENTLY OCCURRING ITEMS RECOGNIZED IN EACH FULL QUARTER WITHIN THE TWO MOST RECENT FISCAL YEARS IN ACCORDANCE WITH ITEM 302(A)(3) OF REGULATION S-K. WE ALSO NOTE THE SEASONAL ASPECT OF YOUR MINERAL PRODUCTS SEGMENT. IF SUCH SEASONAL ASPECTS OF YOUR BUSINESS ARE MATERIAL TO YOUR RESULTS OF OPERATIONS, THEY SHOULD BE DISCUSSED IN YOUR MD&A DISCUSSION. SEE ITEM 303 OF REGULATION S-K.

In our future filings that require quarterly financial data, we will include footnotes to the quarterly financial data schedule to explain any unusual or infrequently occurring items recognized in each full quarter within the two most recent fiscal years in accordance with Item 302(a)(3)

of Regulation S-K.

ISP Chemco Inc.

FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2004

In this section, the terms "we", "our" and the "Company" refer to Chemco.

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Note 7. Income Taxes, page F-37

8. WE NOTE YOUR RESPONSE TO COMMENT 1. PLEASE INCLUDE DISCLOSURE IN YOUR FILING SIMILAR TO THAT IN YOUR RESPONSE REGARDING THE BASIS FOR THE IRS PROOF OF CLAIM.

We have included the basis for the IRS proof of claim in each of the most recent Forms 10-Q for Holdings and Chemco, which were filed with the SEC on November 16, 2005, and we will include the same disclosure in our future filings, if applicable, for each of Holdings and Chemco.

Note 8. Sale of Accounts Receivable, page F-37

9. WE NOTE YOUR RESPONSE TO COMMENT 2. PLEASE REVISE YOUR DISCLOSURES TO CLARIFY THAT THE RECEIVABLES ARE SOLD AT FACE VALUE. ALSO INDICATE THAT THE DIFFERENCE BETWEEN THE EXCESS OF THE ACCOUNTS RECEIVABLE SOLD AND THE NET PROCEEDS RECEIVED WILL ULTIMATELY BE RECEIVED AT THE END OF THE PROGRAM AND QUANTIFY SUCH AMOUNTS.

In our future filings on Form 10-K, we will revise our disclosures to clarify that the receivables are sold at face value. We will also indicate that the difference between the excess of the accounts receivable sold and the net proceeds received will ultimately be received at the end of the program, and we will quantify such amounts.

Note 21. Commitments and Contingencies, page F-72

Asbestos Litigation Against G-I Holdings

10. WE NOTE YOUR RESPONSE TO COMMENT 3. PLEASE INCLUDE DISCLOSURE IN YOUR FILING SIMILAR TO THAT IN YOUR RESPONSE REGARDING THE ASBESTOS CLAIMS.

In our future filings on Form 10-K, we will include a disclosure similar to

the explanation that we provided in response to the Staff's comment regarding the asbestos claims.

Environmental Litigation

11. WE HAVE READ YOUR RESPONSE TO COMMENT 4 AND HAVE THE FOLLOWING ADDITIONAL COMMENTS REGARDING YOUR ACCOUNTING FOR INSURANCE RECOVERIES. WE REMIND YOU THAT ANY POTENTIAL CLAIM FOR RECOVERY AND AN ASSET RELATED TO THE RECOVERY SHOULD BE RECOGNIZED ONLY WHEN REALIZATION OF THE CLAIM FOR RECOVERY IS DEEMED PROBABLE.

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- O PROVIDE US WITH A COMPREHENSIVE ANALYSIS OF HOW YOU DETERMINED THAT THE \$28.1 MILLION IN INSURANCE RECOVERIES ARE PROBABLE. SEPARATELY ADDRESS THOSE RECOVERIES THAT ARE BEING CONTESTED BY THE INSURER DEFENDANTS AND THOSE RECOVERIES RELATED TO INSOLVENT INSURERS.
- O WITH REGARD TO THE INSURANCE RECOVERIES RELATED TO CLAIMS THAT ARE SUBJECT TO LITIGATION, PLEASE NOTE THAT A REBUTTABLE PRESUMPTION EXISTS THAT REALIZATION OF THE CLAIM IS NOT PROBABLE. PLEASE PROVIDE US WITH A COMPREHENSIVE ANALYSIS OF HOW YOU OVERCAME SUCH PRESUMPTION. YOUR ANALYSIS SHOULD ADDRESS SEPARATELY EACH MATERIAL CLAIM THAT YOU HAVE RECORDED INCLUDING WHEN YOU INITIALLY RECOGNIZED THE CLAIM AND THE CASH PAYMENT HISTORY RELATED TO THE CLAIM.
- O WITH REGARD TO THE INSURANCE RECOVERIES RELATED TO CLAIMS DUE FROM INSOLVENT INSURERS, PROVIDE US THE CURRENT STATUS OF YOUR DISCUSSIONS WITH THE LIQUIDATORS OF THESE INSOLVENT INSURERS. TELL US BY EACH INSURER THE TOTAL CLAIMS DUE FROM THE INSURER, THE AMOUNT OF PROBABLE CLAIMS RECORDED, WHEN THE CLAIMS WERE RECORDED AND THE CASH PAYMENT HISTORY RELATED TO THOSE CLAIMS.

We supplementally advise the Staff that the Company has devoted substantial resources to, and has developed substantial experience in, recovering insurance proceeds for environmental claims. Consistent with GAAP, the Company recognizes environmental insurance recoveries only when an anticipated recovery is deemed probable. The Company's methodology is substantiated by its history of reaching settlements with respect to insurance claims which are in excess of its estimates. In fact, during 2005, the Company has secured written payment commitments for approximately \$[***] million, which exceeds the Company's estimated recovery of \$[***] million made in connection with the aggregate \$28.1 million insurance receivable recognized by the Company as of December 31, 2004.

The Company's determination that a recovery is probable is based on a variety of factors, including (i) the terms of the applicable insurance policy, (ii) an analysis of the fact pattern relating to each individual claim, including the past and projected future environmental expenses incurred by the Company with respect to each claim, (iii) an analysis of

the applicable law, (iv) court rulings in the Coverage Litigation (as defined below), (v) the projected allocation of recovery among the plaintiffs in the Coverage Litigation, (vi) application of the expert advice of insurance specialists (including outside counsel), (vii) experience of the Company and its outside advisers (including outside counsel) in similar cases, (viii) the Company's recovery experience in circumstances involving similar or substantially similar policies and (ix) the terms of concluded settlements with other insurers. In addition, the

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Company's outside counsel, which has extensive experience in this area and has been pursuing insurance recoveries on the Company's behalf, in this and other matters, for nearly ten years, provides the Company with a detailed analysis of the Company's potential recovery. Based on the Company's rigorous analysis (which is continuously undertaken by the Company) and the above-referenced detailed analysis of its outside counsel, a range of probable outcomes is considered for each carrier and the lower end of the range for each carrier is used to determine the probable insurance recovery, which is consistent with GAAP. In connection with the Company's ultimate recognition of its insurance recovery receivable, our outside legal counsel provides its concurrence that the recovery of the aggregate receivable is "probable". It was through this process that the Company derived the \$28.1 million insurance receivable figure set forth in its financial statements as of December 31, 2004.

The \$28.1 million receivable recorded by the Company includes approximately \$[***] million in estimated recoveries against solvent carriers and \$[***] million in estimated recoveries against a consortium of insolvent carriers. A specific breakdown of the Company's insurance receivable as of December 31, 2004 is summarized below (2):

[***]

HISTORY

An environmental insurance receivable was first recognized by the Company more than ten years ago. The Company's insurance receivable relates to environmental claims, which are being made against several insurance carriers pursuant to insurance coverage policies dating continuously from 1942 to 1984. The existence of the policies and their terms have been firmly established for substantially all of the coverage.

In 1995, G-I Holdings Inc., a prior holding company of the Company, commenced litigation seeking a declaratory judgment against its solvent insurance carriers on behalf of itself and its predecessors, successors, subsidiaries and related corporate entities, including the Company, in the Federal District Court of New Jersey ("Coverage Litigation"). The Coverage Litigation is in an advanced stage as the discovery phase is substantially complete, which has provided the Company with a thorough understanding of

the merits of its case. At December 2004, there were four remaining defendants in the Coverage Litigation and negotiations were on-going with one insolvent insurer consortium (with whom a settlement was reached in 2005). Of the four remaining solvent defendants, one insurer settled in 2005 and mediation with the three remaining defendants is scheduled on or about February 2006. In the event a settlement is not reached, a trial concerning three of the Company's underlying claims is expected to begin on or about May 2006.

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- (2) The aggregate insurance receivable represents recovery from all carriers. The breakdown represents an approximation of the recovery projected for each carrier using the lower end of the range of recovery anticipated from each carrier.

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SETTLEMENT AND PAYMENT HISTORY

Between 1986 and 1995, the Company recovered approximately \$[***] million from its two primary insurance carriers pursuant to a single agreement entered into with the two insurers [***] (the "[***] Agreement"). The [***] Agreement was entered into with both primary insurers on the basis of the similarity of the Company's claims against them. This [***] Agreement was cancelled upon commencement of the Coverage Litigation in 1995.

In addition to the Company's current claims against its remaining excess insurance carriers, the Company had claims against six additional excess insurance carriers, which were settled prior to 2004. [***]. Notwithstanding this [***], the Company was ultimately successful in settling claims against each of these six carriers. In particular, in 1999, the Company settled its claims against two excess carriers for an aggregate of approximately \$[***], and, in 2000, the Company settled its claims against four excess carriers for an aggregate of approximately \$[***] million.

Based upon the results of the analysis described above (including the settlement discussions which were ongoing as of the end of 2004), the Company anticipated recovering approximately \$[***] million from one of its primary insurance carriers ("Insurer A") when it developed its \$28.1 million insurance receivable. In 2005, the Company entered into a written agreement with Insurer A for a total recovery of approximately \$[***] million. Accordingly, the Company exceeded its recovery estimate by approximately \$[***] million, a [***]% increase over the estimated recovery used by the Company in connection with recording its receivable.

The Company has sought recovery for more than ten years from a consortium of insurance carriers who provided excess insurance coverage (the "Excess Insurance Consortium"). As of December 31, 2004, the Company anticipated

recovering approximately \$[***] million from the insolvent members of the Excess Insurance Consortium ("Insurer C"). In 2005, the Company entered into a written agreement with Insurer C for a total recovery of approximately \$[***] million. Accordingly, the Company exceeded its recovery estimate by approximately \$[***] million, an [***]% increase over the estimated recovery used by the Company in connection with recording its receivable.

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UNSETTLED CLAIMS

As of December 31, 2004, the Company anticipated recovering approximately \$[***] million from its other primary insurance carrier ("Insurer B"). In addition to the analysis described above, the fact that the aforementioned settlement with Insurer A was achieved provides additional corroboration for the estimated recovery for Insurer B [***]. [***]. Additionally, [***] and provide further support for the conclusion that a settlement at least equal to the \$[***] million estimate is probable. If settlement efforts are ultimately unsuccessful, both the Company and its outside counsel believe, based upon the analysis described above, that, in the Coverage Litigation against Insurer B, the Company will recover an amount at least equivalent to the estimated recovery used by the Company in connection with recording its receivable.

As of December 31, 2004, the Company anticipated recovering approximately \$[***] million from the solvent members of the Excess Insurance Consortium ("Insurer D"). [***]. [***], if settlement efforts are ultimately unsuccessful, both the Company and its outside counsel believe, based upon the analysis described above, that, in the Coverage Litigation against Insurer D, the Company will recover an amount at least equivalent to the estimated recovery used by the Company in connection with recording its receivable.

As of December 31, 2004, the Company anticipated recovering approximately \$[***] million from the remaining excess carrier not included in the Excess Insurance Consortium ("Insurer E"). [***]. If settlement efforts are ultimately unsuccessful, both the Company and its outside counsel believe, based upon the analysis described above, that, in the Coverage Litigation against Insurer E, the Company will recover an amount at least equivalent to the estimated recovery used by the Company in connection with recording its receivable.

In sum, we believe that based upon the extensive analysis of the Company and its outside counsel, as well as the history of settlements in this case, the Company has appropriately recognized its insurance recoveries. In particular, in reaching resolution of its claims against eight carriers prior to the date of this letter, the Company has exceeded its estimated recoveries in all of its settlements. The \$28.1 million insurance

receivable reflected in the Company's financial statements as of December 31, 2004 is specifically supported by (i) the written settlements entered into in 2005 with two of the insurers for \$[***] million, which substantially exceeds the estimated recoveries for these two insurers, (ii) the on-going settlement discussions with the Company's other insurers and (iii) the Company's rigorous and continuous analysis, in consultation with its outside counsel, of the Company's probable recovery of its insurance claims.

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INTERNATIONAL SPECIALTY HOLDINGS INC. AND ISP CHEMCO INC. HAVE REQUESTED CONFIDENTIAL TREATMENT FOR PORTIONS OF THIS LETTER PURSUANT TO RULE 83 (17 C.F.R. SEC. 200.83). THE CONFIDENTIAL PORTIONS HAVE BEEN REDACTED AND ARE DENOTED BY [***]. THE CONFIDENTIAL PORTIONS HAVE BEEN SEPARATELY PROVIDED TO THE SECURITIES AND EXCHANGE COMMISSION.

ISP-00014

We respectfully request that the Staff advise the undersigned at (212) 310-8566 of any additional comments that the Staff may have or whether our explanations and proposed revisions in response to the comment letters satisfy the Staff's review.

Very truly yours,

/s/ Michael E. Lubowitz

Michael E. Lubowitz

14

</TEXT>

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EXHIBIT 7

rec'd 6-14-98

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189978

June 12, 1998

Via Federal Express

Patricia Simmons, Esq.
United States Environmental
Protection Agency Region II
290 Broadway, 17th Floor
New York, New York 10007

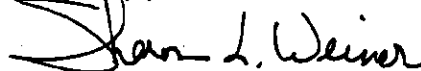
Re: LCP Chemical Site, Linden, New Jersey

Dear Ms. Simmons:

This firm is counsel to ISP Environmental Services Inc., the successor to GAF Corporation with respect to the LCP Chemical Site. The following response and exhibits are submitted in reply to your February 27, 1998 104(e) Request for Information on the LCP Chemical Site, Linden, New Jersey.

Please feel free to contact me if you have any questions.

Very truly yours,


SHARON L. WEINER

SLW:jmc
Enclosures

cc: Celeste Lagomarsino, Esq. (w/o exhibits)
Vincent Quilban (w/o exhibits)

CONFIDENTIAL

**RESPONSE TO REQUEST FOR INFORMATION
LCP CHEMICAL SITE, LINDEN, UNION COUNTY, NEW JERSEY**

1. (a). ISP Environmental Services Inc. ("ISP/ESI") successor to GAF Corporation¹
- (b). Samuel J. Heyman, Chairman of the Board
1361 Alps Road
Wayne, New Jersey 07470
- (c). ISP/ESI is incorporated in Delaware. The business agent for service of process in Delaware is:

The Prentice-Hall Corporation System
1013 Centre Road
Wilmington, DC 19805

The agent for service of process in New Jersey is:

The Prentice-Hall Corporation System New Jersey, Inc.
830 Bear Tavern Road
West Trenton, NJ 08628

- (d). A copy of the Certificate of Incorporation for ISP/ESI is attached as Exhibit A.
 - (e). ISP/ESI is a subsidiary of International Special Products, Inc. ISP/ESI is a successor to GAF Corporation with respect to the Linden site. ISP/ESI has no subsidiaries.
2. ISP/ESI does not have a permit or permits issued pursuant to the Resource Conservation and Recovery Act.
 3. ISP/ESI's predecessor owned the LCP site in Linden, New Jersey which it sold to Linden Chlorine Products, Inc. by deed dated August 24, 1972. A copy of the deed is enclosed. Attached as Exhibit B.

¹ ISP Environmental Services Inc. is the present owner of and successor to the liability of an entity which was known as GAF Corporation when the LCP property was sold in 1972. The currently existing legal entity known as GAF Corporation has no direct relationship with ISP/ESI or the Linden site.

4. ISP/ESI's predecessor owned the Site from 1964 until it sold it to LCP Chemicals in 1972. Prior to that time, all of the stock of ISP/ESI's predecessor or its predecessor's was owned by the US Government through the Alien Property Custodian Act which had been seized as war asset from IG Farben in 1942. Prior to that time, the property was owned by American IG Corporation, Graselli Chemical Company, and other entities as described in the Title Report enclosed. Attached as Exhibit C. A map showing the site is also enclosed. Attached as Exhibit D. A portion of the property was also leased to the Linde Division of Union Carbide.

5. At the subject site, ISP/ESI's predecessor operated a chlorine plant which it sold to LCP in 1972. The persons responsible for the operation of that facility in 1972 and before are identified on Exhibit E. Chlorine was manufactured by mixing salt (NaCl) with water to make brine. The brine would be pumped into cells containing mercury as a catalyst. An electric charge would be applied to each cell causing a chemical reaction. Chlorine, sodium hypochlorite, hydrogen and sodium hydroxide were produced as by products of this process. The process produced little waste products. All mercury was reused. The waste water was neutralized prior to discharge off site.

6. Hazardous substances in the form of mercury and chlorine and other chemicals described in response to Question 5 were used and/or handled in operations at the LCP Site. Chemicals were used by ISP/ESI's predecessor between 1964 and 1972 for the purposes of manufacturing chlorine. The amounts of chemicals used are presently unknown. The operations were sold in 1972 to Linden Chlorine Products, Inc. and ISP/ESI is no longer engaged in such operation.

7. Materials stored on the site consisted of salt as a raw material. Finished products were shipped off-site or used as raw materials by operations on the adjacent property. Mercury was reused. With respect to disposal of hazardous substances, and hazardous waste and/or CERCLA waste materials, to ISP/ESI's knowledge, no such materials were disposed of on the LCP site during the period from 1964 to 1972. ISP/ESI owns the adjacent property on which it had two permitted landfills which were used for disposal of waste materials from all of its operations including the operations on the LCP site. Other materials were disposed of at various off-site locations.

8. ISP/ESI has no record that it or its predecessor used lagoons, impoundments and/or storage tanks to treat or dispose of hazardous materials, hazardous waste or CERCLA waste materials at the LCP site. LCP did have the right to use a tank to store materials on GAF's neighboring property. This tank was used to store NaOH for off-site sale.

9. Documents available to date are enclosed; additional documents will be supplied in accordance with the requirements of CERCLA §104.

10. ISP/ESI has no information concerning any release of hazardous substances, hazardous waste and/or CERCLA waste materials at the LCP site during its ownership.

11. Persons with knowledge of the facts relating to the operation disposal and generation material include Vincent Quilban, Site Manager. c/o ISP/ESI, 4000 Rd to Grasselli, Linden, New Jersey.
12. There are no known leases, contracts, permits, or other written agreements relating to the generation handling transport and disposal of hazardous substances, hazardous waste and/or CERCLA waste material from the LCP site.
13. There are no known agreements or contracts which exist which may indemnify ISP/ESI in connection with liability under CERCLA, known at the present time.
14. There are numerous insurance policies which may indemnify ISP/ESI for its liability in connection with the LCP site. These policies are identified in a complaint filed against ISP/ESI's insurance carriers, a copy of which is attached as Exhibit F.
15. No bankruptcy filings have been made by ISP/ESI.
16. As noted previously, from 1942 until 1964, the site and the operations at the site were controlled by the US Government through the Alien Property Custodian Act prior to the sale to the public of stock in ISP/ESI's predecessor. Records pertaining to operations at the site may be available through government archives. ISP/ESI is also aware that both Linde, foot of South Wood Avenue, Linden, New Jersey and Kuehne Chemical, foot of South Wood Avenue, Linden, New Jersey had operations on this site. Jones Chemical, foot of South Wood Avenue, Linden, New Jersey, also appeared to be operating at the site after 1972. ISP/ESI also believes a company by the name of IGA operated on this site also located at South Wood Avenue, Linden, New Jersey.
17. See the documents attached as Exhibit G.
18. Vincent Quilban, Site Manager, ISP/ESI, 4000 Rd to Grasselli, Linden, New Jersey 07036.
19. Assistance in responding to this request for information was provided by Dennis M. Toft, Esq., and Celeste Lagomarsino, Esq.

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION


State of New Jersey

County of Essex

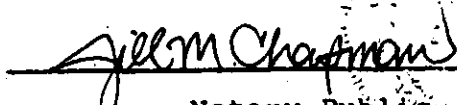
I certify under penalty of law that I have personally examined and am familiar with the Information submitted in this document (response to EPA Request for Information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete, and that all documents submitted herewith are complete and authentic unless otherwise indicated. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment.

Vincent Quilban
NAME (print or type)

Site Manager
TITLE (print or type)


SIGNATURE

Sworn to before me this
12th day of June 1998



Notary Public

JILL M. CHAPMAN
Notary Public of N.J.

My Commission Expires March 16, 1999

BK-013483234

PAGE

1

39124

State of Delaware



Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF ISP 9 CORP. FILED IN THIS OFFICE ON THE EIGHTH DAY OF MAY, A.D. 1991, AT 4:30 O'CLOCK P.M.

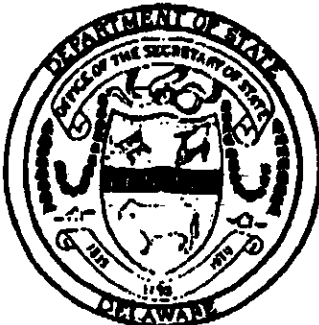
RECEIVED FOR RECORD

May 13 A.D. 19 91

Michael T. Scane

RECORDER

\$4.00 STATE DOCUMENT FEE PAID



751128016

Michael Harkins, Secretary of State

AUTHENTICATION:

#3043910

DATE:

05/09/1991

EXHIBIT 10

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I. INTRODUCTION

1. This Administrative Order on Consent ("Consent Order") is entered into voluntarily by the United States Environmental Protection Agency ("EPA") and ISP Environmental Services, Inc. ("Respondent"). This Consent Order concerns the preparation of, performance of, and reimbursement for all costs incurred by EPA in connection with a remedial investigation and feasibility study (hereinafter, the "RI/FS") at the LCP Chemicals, Inc. Superfund site (hereinafter, the "Site") located in Linden, Union County, New Jersey, as well as the recovery of past response costs.

II. JURISDICTION

2. This Consent Order is issued to Respondent under the authority vested in the President of the United States by Sections 104, 122(a) and 122(d)(3) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. §§ 9604, 9622(a) and 9622 (d)(3) ("CERCLA"). This authority was delegated to the Administrator of EPA on January 23, 1987, by Executive Order 12580, 52 Fed. Reg. 2926 (1987), and further delegated to the Regional Administrators on September 13, 1987, by EPA Delegation No. 14-14-C.

3. Respondent agrees to undertake all actions required by the terms and conditions of this Consent Order. Respondent consents to and agrees not to contest the authority or jurisdiction of the Regional Administrator of EPA Region II to issue or enforce this Consent Order, and also agrees not to contest the validity or terms of this Consent Order in any action to enforce its provisions.

III. PARTIES BOUND

4. This Consent Order shall apply to and be binding upon EPA and shall be binding upon Respondent, and the agents, successors, assigns, officers, directors and principals of the Respondent. No change in the ownership or corporate status of Respondent or ownership of the Site shall alter Respondent's responsibilities under this Consent Order.

5. Respondent shall provide a copy of this Consent Order to any subsequent owners or successors before ownership rights or stock or assets in a corporate acquisition are transferred. Respondent shall provide a copy of this Consent Order to all contractors, subcontractors, laboratories, and consultants which are retained to conduct any work performed under this Consent Order, within fourteen (14) days after the effective date of this Consent Order or the date of retaining their services, whichever is later. Respondent shall condition any such contracts upon satisfactory compliance with this Consent Order. Notwithstanding the terms of any contract, Respondent is responsible for compliance with this Consent Order and for ensuring that its subsidiaries, employees, contractors, consultants, subcontractors, agents and attorneys comply with this Consent Order.

IV. STATEMENT OF PURPOSE

6. In entering into this Consent Order, the objectives of EPA and Respondent are: (a) to conduct a remedial investigation ("RI") to determine the nature and extent of contamination and any threat to the public health, welfare, or the environment caused by the release or threatened release

of hazardous substances, pollutants or contaminants at or from the Site; (b) to determine and evaluate alternatives, through the conduct of a feasibility study ("FS"), to remediate said release or threatened release of hazardous substances, pollutants, or contaminants; (c) to provide for the reimbursement to EPA of response and oversight costs incurred by EPA with respect to the Site; and (d) to provide for reimbursement to EPA of response costs incurred by EPA at the Site prior to the effective date of this Consent Order.

7. The activities conducted under this Consent Order are subject to approval by EPA and shall provide all appropriate necessary information for the RI/FS, with the exception of the risk assessment performed by EPA, and for a record of decision that is consistent with CERCLA and the National Oil and Hazardous Substances Pollution Contingency Plan ("NCP"), 40 C.F.R. Part 300. The activities conducted by or on behalf of Respondent under this Consent Order shall be conducted in compliance with all applicable EPA guidances, policies, and procedures.

V. EPA'S FINDINGS OF FACT AND CONCLUSIONS OF LAW

8. The Site is located off of South Wood Avenue on the Tremley Point Peninsula, in Linden, Union County, New Jersey. The Site, which occupies 26 acres on filled marshland in an industrial area, is bordered by South Branch Creek to the east, ISP Environmental Services, Inc. to the north, and Northville Industries, BP Corporation, and Mobil to the northeast, south, and west, respectively. South Branch Creek, a tributary to the Arthur Kill, flows through a portion of the Site via engineered conveyance structures on the north side of the property. GAF Corporation purchased the Site from E. I. du Pont de Nemours and Company on or about September 15, 1949, filled an area of marshland and lowland, and developed it. GAF Corporation produced chlorine (using mercury cell electrolysis) and sodium hydroxide at this location from 1952 to 1972. LCP Chemicals Inc. (a subsidiary of the Hanlin Group, Inc.) of Edison, New Jersey purchased the Site from GAF Corporation in 1972 and continued to produce chlorine until 1985, when production at the plant ceased permanently. Sludge containing mercury from the chlorine production process was discharged to a brine sludge lagoon located on the property. There are approximately thirty-eight residences in the vicinity of the Site, with the nearest residential home being approximately one-half mile west on South Wood Avenue. The peregrine falcon, northern harrier, great blue heron, and little blue heron, all considered to be either threatened or endangered species, are reported to either breed or hunt in the salt marshes near the Site. Prall's Island, located approximately 1,000 feet east of the mouth of the South Branch Creek, is a breeding area and rookery for some of these birds.

9. There have been several documented releases of hazardous substances at the Site, including overflows from the brine sludge lagoon onto the ground surface and into South Branch Creek, which flows adjacent to the Site. In 1981, the New Jersey Department of Environmental Protection ("NJDEP") entered into an Administrative Consent Order with LCP Chemicals, Inc. This Consent Order called for the closure of the brine sludge lagoon and implementation of air, soil, and groundwater monitoring. Analytical results from soil samples collected in 1982 by LCP Chemicals, Inc., revealed elevated levels of mercury at 0-2 feet in depth, with concentrations ranging from 36 milligrams per kilogram (mg/kg) to 772 mg/kg. Surface soil samples collected from the perimeter of the lagoon at that time indicated mercury levels ranging from 27 mg/kg to 1,580 mg/kg. These

results are summarized in a February 1982 report, prepared by Geraghty & Miller, Inc. for LCP Chemicals, Inc., entitled *Waste Lagoon Ground-Water Monitoring*. In January 1995, EPA collected several surface soil, surface water, and sediment samples during a pre-remedial investigation. The highest level of mercury noted in the surface soils was 110 mg/kg. The average concentration of mercury in the sediments downstream of South Branch Creek was 500 mg/kg, with the highest concentration being 1,060 mg/kg. Mercury was detected in the surface water at 93 micrograms per liter ($\mu\text{g/l}$) near the facility's outfall. Arsenic was also present in most of the samples. The arsenic concentration in the surface water and sediment were 336 mg/l and 318 mg/kg , respectively. The highest level of arsenic in the soil was 17 mg/kg . Zinc (maximum concentration, 833 mg/kg) and lead (maximum concentration, 304 mg/kg) were also noted in these samples. These results are summarized in a June 1995 report entitled *Final Draft Site Inspection, LCP Chemicals, Inc.*, prepared by Malcolm Pirnie, Inc. for the EPA.

10. Currently, the contaminated soil and sediment remain unmitigated. Leaching of contaminants into South Branch Creek is possible. The flow of contaminants into the Arthur Kill has not been defined as of yet. Prall's Island, a breeding area and rookery, located approximately 1,000 feet from the South Branch Creek discharge into the Arthur Kill, could be impacted. Groundwater may be impacted from leakage of contaminants into the subsurface. The actual and potential contaminant migration pathways listed above only include those pathways which have currently been identified. Additional actual or potential release or contaminant migration pathways may be identified as a result of subsequent studies.

11. Mercury poses a potential threat to human health. In addition, there is a potential for downstream acute effects to aquatic biota and contamination could be introduced into the food chain via aquatic species.

12. On July 27, 1998, the Site was included on the National Priorities List ("NPL"), established under Section 105 (a) (8) (B) of CERCLA, 42 U.S.C. § 9605 (a) (8) (B), and set forth at 40 C.F.R. Part 300, Appendix B.

13. Respondent to this Consent Order is ISP Environmental Services, Inc. (which has assumed the liabilities of GAF Corporation), 1361 Alps Road, Wayne, NJ 07470, incorporated in the State of Delaware. In addition to ISP Environmental Services, Inc., the following five (5) corporations were also identified as potentially responsible parties (PRPs) for the Site: (a) Caleb Brett (USA), Inc., 5051 Westheimer, Suite 1700, Houston, TX 77056, incorporated in the state of Louisiana; (b) Kuehne Chemical Company, Inc., 86 Hackensack Avenue, South Kearney, NJ 07032, incorporated in the state of New Jersey; (c) Praxair, Inc., Industrial Avenue, P.O. Box 237, Keasbey, NJ 08832, incorporated in the state of Delaware; (d) Union Carbide Corporation, 39 Old Ridgebury Road, Danbury, CT 06817, incorporated in the state of New York, and (e) LCP Chemicals, Inc. (a division of the Hanlin Group, Inc.), c/o McCarter & English, Four Gateway Center, 100 Mulberry Street, P.O. Box 652, Newark, NJ 07101, incorporated in the state of Delaware.

14. Each of the six (6) PRPs, noted in paragraph 13 above, operated at the Site at various times between the years of 1952 and 1996 as follows:

A. GAF Corporation owned the 26-acre property, and operated a chlorine production facility at the Site from 1952 until 1972.

B. Caleb Brett (USA), Inc. operated at the Site, from 1988 at least until 1995, storing various materials including fuel products, asphalt products, vegetable oils, pot ash, and caustic soda.

C. Kuehne Chemical Company operated at the Site, from 1973 at least until 1981, receiving chlorine gas and caustic soda via a pipeline from LCP Chemicals, Inc. to produce sodium hypochlorite.

D. Praxair, Inc. (formerly known as Liquid Carbonic Industries Corporation) operated at the Site, from 1988 at least until 1996, distributing carbon dioxide gas.

E. Union Carbide Corporation operated a hydrogen gas filling and repackaging plant at the Site from 1957 at least until 1990. Union Carbide transferred ownership of their gas filling and repackaging business to Praxair, Inc. in 1992.

F. LCP Chemicals, Inc. purchased the 26-acre property from GAF Corporation in 1972, and continued to operate the chlorine production facility until 1985, when all operations ceased at the Site.

15. Through the years, there have been several documented significant releases at the Site. Overflows of supernatant material from the brine sludge lagoon to the South Branch Creek were observed by the NJDEP in 1972 and 1974. In 1975, a brine recycle pump failed and a breach in the brine sludge lagoon occurred. In 1979, a sodium chloride solution contaminated with inorganic mercury overflowed from the process and the wastewater system, resulting in a release of an estimated 10,000 to 20,000 gallons of this material into South Branch Creek. Releases from piping near a 500,000 gallon tank located on the property were observed in 1980, 1981, and 1982. The volume and nature of the released liquid are unknown.

16. The Site is a "facility" as that term is defined in Section 101(9) of CERCLA, 42 U.S.C. § 9601(9).

17. Each of the chemicals detected at the Site, as identified in paragraphs 9 and 15, above, is a "hazardous substance," as that term is defined in Section 101(14) of CERCLA, 42 U.S.C. § 9601(14) or is a "pollutant or contaminant" that may present an imminent and substantial danger to public health or welfare under Section 104(a)(1) of CERCLA.

18. The presence of hazardous substances at the Site or the past, present or potential migration of hazardous substances currently located at or emanating from the Site, constitute actual and/or threatened "releases" as defined in section 101(22) of CERCLA, 42 U.S.C. § 9601(22).

19. Respondent is a "person" as defined in section 101(21) of CERCLA.

20. Respondent is a responsible party under Sections 104, 107, and 122 of CERCLA, 42 U.S.C. §§ 9604, 9607, and 9622.21. The actions required by this Consent Order are necessary to protect the public health or welfare or the environment, are in the public interest, are consistent with CERCLA and the National Contingency Plan, 40 C.F.R. Part 300 (as amended) ("NCP") and are expected to expedite effective remedial action and minimize litigation.

22. Respondent was given an opportunity to discuss with EPA the basis for issuance of this Consent Order and its terms. Unless otherwise expressly defined in this Consent Order, any terms used in this Consent Order which are defined in CERCLA or in regulations promulgated pursuant to CERCLA shall have the meaning set forth for them in CERCLA or in regulations promulgated pursuant to CERCLA.

VI. NOTICE

23. By providing a copy of this Consent Order to NJDEP, EPA is notifying the State of New Jersey (the "State") that this Consent Order is being issued and that EPA is the lead agency for coordinating, overseeing, and enforcing the response action required by the Consent Order. The attached document entitled "Appendix I - RI/FS Statement of Work" is hereby incorporated by reference into and is enforceable as a part of this Consent Order.

VII. WORK TO BE PERFORMED

24. All work performed under this Consent Order shall be under the direction and supervision of qualified personnel. Within thirty (30) days of the effective date of this Consent Order, Respondent shall notify EPA in writing of the names, titles, and qualifications of the personnel, including contractors, subcontractors, consultants and laboratories to be used in carrying out such work. The qualifications of the persons undertaking the work for Respondent shall be subject to EPA's review, for verification that such persons meet minimum technical background and experience requirements. This Consent Order is contingent upon Respondent's demonstration to EPA's satisfaction that Respondent is qualified to perform the actions set forth in this Consent Order. If EPA disapproves in writing of any person(s)' technical qualifications, Respondent shall notify EPA of the identity and qualifications of the replacements within thirty (30) days of the written notice. If EPA subsequently disapproves of the replacements, EPA reserves the right to terminate this Consent Order and to conduct a complete RI/FS, and to seek reimbursement for costs and penalties from Respondent. During the course of the RI/FS, Respondent shall notify EPA in writing of any changes or additions in the personnel used to carry out such work, providing their names, titles, and qualifications. EPA shall have the same right to approve changes and additions to Personnel as it has hereunder regarding the initial notification.

25. Respondent shall conduct the work required hereunder in accordance with CERCLA, the NCP, and EPA guidance including, but not limited to, the "Interim Final Guidance for Conducting Remedial Investigations and Feasibility Studies under CERCLA" (OSWER Directive No. 9355.3-01) (hereinafter, the "RI/FS Guidance"), "Guidance for Data Useability in Risk Assessment" (OSWER Directive #9285.7-05) and guidances referenced therein, as they may be amended or modified by

EPA. The general activities that Respondent is required to perform are identified below, followed by a list of deliverables. The tasks that Respondent must perform are also described in the attached Statement of Work ("SOW") and more fully in the guidance documents, and will be described in detail in an RI/FS work plan to be submitted as a deliverable under this Consent Order. The activities and deliverables identified below shall be developed as provisions in such work plan, and shall be submitted to EPA as provided. All work performed under this Consent Order shall be in accordance with the schedules herein, and in full accordance with the schedules, standards, specifications, and other requirements of the work plan and sampling and analysis plan, as initially approved by EPA, and as they may be amended or modified by EPA. For purposes of this Consent Order, day means calendar day unless otherwise noted in this Consent Order.

A. Task I: Scoping. EPA has determined the site-specific objectives of the RI/FS and has devised a general management approach for the Site, as stated below and in the attached Statement of Work. Respondent shall conduct the remainder of scoping activities as described in the attached Statement of Work and referenced guidances. As part of the scoping activities, Respondent shall provide EPA with the following deliverables:

1. **RI/FS Work Plan and Schedule.** Within thirty (30) days of gaining access to the Site as provided in Paragraph 50 of this Consent Order, Respondent shall submit to EPA a work plan for the performance of the RI/FS (hereinafter, the "RI/FS Work Plan") which includes, among other things, a detailed schedule for the RI/FS. The work plan shall provide for the completion of the final FS report not more than eighteen (18) months following approval of the FOP. If EPA disapproves of or requires revisions to the RI/FS Work Plan in whole or in part, Respondent shall amend and submit to EPA a revised work plan which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments. Respondent may invoke the dispute resolution procedures set forth in Section XVII below, in the event of a dispute between Respondent and EPA regarding EPA's disapproval of, or required revisions to, the RI/FS Work Plan.

2. **Field Operations Plan.** All sampling and monitoring shall be performed in accordance with the *CERCLA Quality Assurance Manual, Revision 1, EPA Region II*, dated October 1989, and any updates thereto, or an alternate EPA-approved test method, and the guidelines set forth in this Consent Order. All testing methods and procedures shall be fully documented and referenced to established methods or standards.

Within thirty (30) days of EPA's approval of the RI/FS Work Plan, Respondent shall submit to EPA a field operations plan ("FOP"). This plan shall consist of a sampling and analysis plan ("SAP"), a quality assurance project plan ("QAPP"), and a site health and safety plan ("HSP"). If EPA disapproves of or requires revisions to the FOP, in whole or in part, Respondent shall amend and submit to EPA a revised FOP which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments. Respondent may invoke the dispute resolution procedures set forth in Section XVII below, in the event of a dispute between Respondent and EPA regarding EPA's disapproval of, or required revisions to, the FOP.

a. The SAP shall address the components described in the attached SOW.

b. The QAPP shall include:

- i. Project description;
- ii. Project organization and responsibilities, including *curricula vitae* of key personnel;
- iii. Quality assurance objectives for measurement;
- iv. Sample custody;
- v. Calibration procedures;
- vi. Analytical procedures;
- vii. Data reduction, validation and reporting;
- viii. Internal quality control;
- ix. Performance and systems audits;
- x. Preventive maintenance;
- xi. Data assessment procedures;
- xii. Corrective actions; and,
- xiv. Quality assurance reports.

c. The QAPP shall be completed in accordance with the EPA publication *Test Methods for Evaluating Solid Waste* ("SW846") (November 1986, or as updated) and the EPA documents entitled, *Interim Guidelines and Specifications for Preparing Quality Assurance Project Plans*, USEPA QAMS-005/80, and *Guidance for Preparation of Combined Work/Quality Assurance Project Plans for Environmental Monitoring* (USEPA, Office of Water Regulations and Standards, May 1984).

Respondent shall use Quality Assurance/Quality Control ("QA/QC") procedures in accordance with the QAPP submitted and approved by EPA pursuant to this Consent Order, and shall use standard EPA Chain of Custody procedures, as set forth in the *National Enforcement Investigations Center Policies and Procedures Manual*, as revised in November 1984, the *National Enforcement Investigations Center Manual for*

the Evidence Audit, published in September 1981, and SW-846, for all sample collection and analysis activities conducted pursuant to this Consent Order. In addition, Respondent shall:

1. Ensure that all contracts with laboratories used by Respondent for analysis of samples taken pursuant to this Consent Order provide for access for EPA personnel and EPA-authorized representatives to assure the accuracy of laboratory results related to the Site;
2. Ensure that laboratories utilized by Respondent for analysis of samples taken pursuant to this Consent Order perform all analyses according to accepted EPA methods. Accepted EPA methods consist of EPA Drinking Water Method 524.2 and those methods which are documented in the "Contract Lab Program Statement of Work for Inorganic Analysis" and the "Contract Lab Program Statement of Work for Organic Analysis," dated February 1988 (or as updated), or any alternative method that has been approved by EPA for use during this project;
3. Ensure that all laboratories used by Respondent for analysis of samples taken pursuant to this Consent Order participate in an EPA Contract Lab Program ("CLP"), or CLP-equivalent, QA/QC program;
4. Ensure that the laboratories used by Respondent for analysis of samples taken pursuant to this Consent Order perform satisfactorily on Performance Evaluation samples that EPA may submit to those laboratories for purposes of insuring that the laboratories meet EPA-approved QA/QC requirements; and,
5. For any analytical work performed, including that done in a fixed laboratory, in a mobile laboratory, or in on-site screening analyses, Respondent must submit to EPA a "Non-CLP Superfund Analytical Services Tracking System" document for each non-CLP laboratory utilized during a sampling event, within thirty (30) days after acceptance of the analytical results. Upon completion, such documents shall be submitted to the EPA Project Coordinator, with a copy of the transmittal letter to:

Regional Sample Control Coordinator Task Monitor
USEPA-Edison Field Office
Environmental Services Division
2890 Woodbridge Avenue
Edison, NJ 08837

d. Site Health and Safety Plan. The HSP shall conform to 29 CFR §1910.120, "OSHA Hazardous Waste Operations Standards," and the EPA guidance document, "Standard Operating Safety Guidelines" (OSWER, 1988).

3. Following approval or modification by EPA, the RI/FS Work Plan and the FOP shall be deemed to be incorporated into this Consent Order by reference.

B. Task II: Community Relations Plan. EPA will prepare a community relations plan, in accordance with EPA guidance and the NCP. Respondent shall provide information, as requested by EPA, supporting EPA's community relations programs. As requested by EPA, Respondent shall participate in the preparation of all appropriate information disseminated to the public and in public meetings which may be held or sponsored by EPA to explain activities at or concerning the Site.

C. Task III: Site Characterization. Following EPA's written approval or modification of the RI/FS Work Plan and the FOP, Respondent shall implement the provisions of these plans to characterize the nature, quantity, and concentrations of hazardous substances, pollutants, or contaminants at the Site. Respondent shall provide EPA with validated analytical data within sixty (60) days of each sampling activity, in an electronic format (i.e., an IBM-compatible computer disk) in a form showing the location, medium and results. Within seven (7) days of completion of field activities, Respondent shall so advise EPA in writing. Within sixty (60) days of completion of validation of the final set of field data, Respondent shall submit to EPA a Site Characterization Summary Report, as described in the RI/FS SOW. Respondent shall address any comments made by EPA on the Site Characterization Summary Report in the draft RI Report.

D. Task IV: Identification of Candidate Technologies. Within forty-five (45) days of Respondent's receipt of the last set of validated analytical results, Respondent shall submit a Technical Memorandum for the Identification of Candidate Technologies. The candidate technologies identified shall include innovative treatment technologies (as defined in the RI/FS Guidance) where appropriate. If EPA disapproves or requires revisions to the technical memorandum identifying candidate technologies, in whole or in part, Respondent shall amend and submit to EPA a revised technical memorandum, identifying candidate technologies, which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments.

E. Task V: Treatability Studies. At EPA's request, Respondent shall conduct treatability studies, except where Respondent can demonstrate to EPA's satisfaction that they are not needed. The major components of the treatability studies shall include a determination of the need for and scope of studies, the design of the studies, and the completion of the studies. If requested by EPA to undertake treatability studies, Respondent shall provide EPA with the following deliverables:

1. Treatability Testing Statement of Work. If EPA determines that treatability testing is required and so notifies Respondent, Respondent shall, within thirty (30) days thereafter, submit to EPA a Treatability Testing Statement of Work.

2. Treatability Testing Work Plan. Within thirty (30) days of EPA's approval of the Treatability Testing Statement of Work, Respondent shall submit a Treatability Testing Work Plan, including a schedule. Upon its approval by EPA, said schedule shall be deemed incorporated into this Consent Order by reference. If EPA disapproves of or requires revisions to the Treatability Testing Work Plan, in whole or in part, Respondent shall amend and submit to EPA a revised Treatability Testing Work Plan which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments.

3. Treatability Study QAPP, HSP, and SAP. Within thirty (30) days of the identification by EPA of the need for a separate or revised QAPP, HSP, and/or SAP, Respondent shall submit to EPA a revised QAPP, HSP and/or SAP, as appropriate. If EPA disapproves of or requires revisions to the revised QAPP, HSP, and/or SAP, in whole or in part, Respondent shall amend and submit to EPA a revised treatability study QAPP, HSP, and/or SAP, which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments.

4. Treatability Study Evaluation Report. Within thirty (30) days of completion of any treatability testing, sampling, and analysis, Respondent shall submit a Treatability Study Evaluation Report to EPA. If EPA disapproves of or requires revisions to the Treatability Study Evaluation Report, in whole or in part, Respondent shall amend and submit to EPA a revised Treatability Study Evaluation Report which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments.

F. Task VI: EPA's Baseline Risk Assessment. EPA will prepare a baseline risk assessment, which shall be incorporated by Respondent into the RI. Respondent shall make good faith efforts in assisting EPA in the preparation of the Baseline Risk Assessment. The major components of the Baseline Risk Assessment include contaminant identification, exposure assessment, toxicity assessment, and human health, and ecological risk characterization.

EPA will provide sufficient information concerning the baseline risks such that Respondent can begin drafting the Feasibility Study report. This information will normally be in the form of two or more Baseline Risk Assessment memoranda prepared by EPA. One memorandum will generally include a list of the chemicals of concern for human health and ecological effects and the corresponding toxicity values. Another memorandum will list the current and potential future exposure scenarios, exposure assumptions, and exposure point concentrations that EPA plans to use in the Baseline Risk Assessment. Respondent may comment on these memoranda. However, EPA is obligated to respond only to significant comments that are submitted during the formal public comment period.

After considering any significant comments received, EPA will prepare a Baseline Risk Assessment report based on the data presented in the Site Characterization Summary Report. The Baseline Risk Assessment report will be provided to Respondent. EPA will release this report to the public at the same time it releases the final RI report. Both reports will be put into the Administrative Record for the Site.

EPA will respond to all significant comments on the memoranda or the Baseline Risk Assessment that are submitted during the formal comment period in the Responsiveness Summary of the Record of Decision.

G. Task VII: Presentation on Preliminary Findings of the RI, Development of Remedial Action Objectives and Development and Screening of Remedial Alternatives. Respondent shall develop remedial action objectives and develop and screen remedial alternatives. Within sixty (60) days after EPA's submittal of the Baseline Risk Assessment report to Respondent, or within sixty (60) days after EPA's approval of Respondent's Treatability Study Evaluation Report, if treatability studies are undertaken, whichever is later, Respondent shall make a presentation to EPA and the State during which the Respondent shall summarize the preliminary findings of the RI, identify the remedial action objectives, and summarize the development and preliminary screening of remedial alternatives. Respondent shall address any comments made by EPA during this presentation in the appropriate document.

H. Task VIII: Remedial Investigation Report. Within thirty (30) days of the Task VII presentation to EPA, Respondent shall submit to EPA a draft RI report consistent with the RI/FS Work Plan and FOP. If EPA disapproves or requires revisions to the RI report, in whole or in part, Respondent shall amend and submit to EPA a revised RI report which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's comments.

I. Task IX: Feasibility Study Report. Within sixty (60) days of the Task VII presentation to EPA, Respondent shall submit a draft FS report. Respondent shall refer to the RI/FS Work Plan and the RI/FS Guidance for report content and format. Within twenty-one (21) days of submitting the draft FS report, Respondent shall make a presentation to EPA and the State at which Respondent shall summarize the findings of the draft FS report and discuss EPA's and the State's preliminary comments and concerns associated with the draft FS report. If EPA disapproves or requires revisions to the draft FS report, in whole or in part, Respondent shall amend and submit to EPA a revised draft FS report which is responsive to the directions in all EPA comments, within thirty (30) days of receiving EPA's written comments.

26. EPA reserves the right to comment on, modify and direct changes for all deliverables required pursuant to this Consent Order. At EPA's sole discretion, Respondent must fully correct all deficiencies and incorporate and integrate all information and comments supplied by EPA either in subsequent or resubmitted deliverables.

27. Respondent shall not proceed further with any subsequent activities or tasks until receiving EPA approval for the following deliverables: RI/FS work plan and FOP, and Treatability Testing Work Plan and Treatability Study FOP (if treatability study work is required to be undertaken). While awaiting EPA approval on these deliverables, Respondent shall proceed with all other tasks and activities which may be conducted independently of these deliverables, in accordance with the schedule set forth in this Consent Order.

28. Upon receipt of the draft FS report, EPA will evaluate, as necessary, the estimates of the risk to the public and environment that are expected to remain after a particular remedial alternative has been completed.

29. For all remaining deliverables not enumerated in the previous paragraph, Respondent shall proceed with all subsequent tasks, activities and deliverables without awaiting EPA approval on the submitted deliverable. EPA reserves the right to stop Respondent from proceeding further, either temporarily or permanently, on any task, activity or deliverable at any point during the RI/FS process.

30. EPA may comment on any report, plan or other submittals by Respondent, and at its discretion, require changes to such report, plan, or other submittals. EPA, in its sole discretion, may subsequently disapprove any revised submissions from Respondent. If the subsequent submittals do not fully reflect any changes recommended by EPA, then EPA, in its sole discretion, may seek stipulated or statutory penalties; perform its own studies, complete the RI/FS (or any portion of the RI/FS) under CERCLA and the NCP, and seek reimbursement from Respondent for their costs; and/or seek any other appropriate relief.

31. In the event that EPA takes over some of the tasks, but not the preparation of the RI and FS reports, Respondent shall incorporate and integrate information supplied by EPA into the final RI and FS reports.

32. Neither failure of EPA to expressly approve or disapprove of Respondent's submissions within a specified time period, nor the absence of comments, shall be construed as approval by EPA. Whether or not EPA gives express approval for Respondent's deliverables, Respondent is responsible for preparing deliverables acceptable to EPA.

33. Respondent shall, prior to any off-Site shipment of hazardous substances from the Site to an out-of-state waste management facility, provide written notification to the appropriate state environmental official in the receiving state and to EPA's Project Coordinator of such shipment of hazardous substances. However, the notification of shipments shall not apply to any such off-Site shipments when the total volume of such shipments will not exceed ten (10) cubic yards.

A. The notification shall be in writing, and shall include the following information, where available: (1) the name and location of the facility to which the hazardous substances are to be shipped; (2) the type and quantity of the hazardous substances to be shipped; (3) the expected schedule for the shipment of the hazardous substances; and (4) the method of transportation. Respondent shall notify the receiving state of major changes in the shipment plan, such as a decision to ship the hazardous substances to another facility within the same state, or to a facility in another state.

B. The identity of the receiving facility and state will be determined by Respondent following the award of the contract for the RI/FS. Respondent shall provide all relevant information, including information under the categories noted in subparagraph (a) above, on the off-Site shipments, as

soon as practical after the award of the contract and before the hazardous substances are actually shipped.

VIII. NOTIFICATION AND REPORTING REQUIREMENTS

34. All reports and other documents submitted by Respondent to EPA (other than the monthly progress reports referred to below) which purport to document Respondent's compliance with the terms of this Consent Order shall be signed by a responsible official(s) for Respondent. For purposes of this Consent Order, a responsible corporate official is an official who is in charge of a principal business function.

35. Until the termination of this Consent Order, Respondent shall prepare and provide EPA with written monthly progress reports which: (1) describe the actions which have been taken toward achieving compliance with this Consent Order during the previous month; (2) describe all actions, data and plans which are scheduled for the following two months and provide other information relating to the progress of work as is customary in the industry; (3) include information regarding percentage of completion, all delays encountered or anticipated that may affect the future schedule for completion of the work required hereunder, and a description of all efforts made to mitigate those delays or anticipated delays; and (4) identify the net worth of the funding mechanism required pursuant to this Consent Order and contain a statement as to whether such net worth is sufficient as required by this Consent Order. These progress reports shall be submitted to EPA by Respondent by the tenth (10th) day of every month following the month of the effective date of this Consent Order.

36. Upon the occurrence of any event during performance of the work required hereunder which event, pursuant to Section 103 of CERCLA, 42 U.S.C. § 9603 requires reporting to the National Response Center, Respondent shall, within twenty-four (24) hours, orally notify the EPA Project Coordinator (or, in the event of the unavailability of the EPA Project Coordinator, the Chief of the Central New York Remediation Section of the Emergency and Remedial Response Division of EPA Region II), in addition to the reporting required by said Section 103. Within twenty (20) days of the onset of such an event, Respondent shall furnish EPA with a written report setting forth the events which occurred and the measures taken, and to be taken, in response thereto.

37. All work plans, reports, notices and other documents required to be submitted to EPA under this Consent Order shall be sent by certified mail, return receipt requested, by overnight delivery or courier to the following addressees:

7 copies: Chief, Central New York Remediation Section
(including Emergency and Remedial Response Division
1 unbound United States Environmental Protection Agency
copy) 290 Broadway, 20th Floor
New York, New York 10007-1866

Attention: Patricia Simmons, Remedial Project Manager

1 copy: Chief, New Jersey Superfund Branch
Office of Regional Counsel
United States Environmental Protection Agency
290 Broadway, 17th Floor
New York, New York 10007-1866

Attention: Muthu S. Sundram, Esq., Assistant Regional Counsel

4 copies: New Jersey Department of Environmental Protection
401 East State Street
CN-028
Trenton, New Jersey 08625-0028

Attention: Robert Marcolina, Project Manager

1 copy: New Jersey Department of Health and Senior Services
P.O. Box 360
Trenton, New Jersey 08625-0360

Attention: Steven Miller, Ph.D., Project Manager

In addition, when submitting to EPA any written communication required hereunder, Respondent shall simultaneously submit one (1) copy of that communication (unless the given document is a plan or report) to:

New Jersey Department of Environmental Protection
401 East State Street
CN-028
Trenton, New Jersey 08625-0028

Attention: Robert Marcolina, Project Manager

38. Respondent shall give EPA at least fourteen (14) days advance notice of all field work or field activities to be performed by Respondent pursuant to this Consent Order.

IX. MODIFICATION OF THE WORK PLAN

39. If at any time during the RI/FS process, Respondent identifies a need for additional data, a memorandum documenting the need for additional data shall be submitted to the EPA Project Coordinator within twenty (20) days of identification. EPA in its discretion will determine whether the additional data will be collected by Respondent and whether it will be incorporated into reports and deliverables required pursuant to this Consent Order.

40. In the event of conditions posing an immediate threat to human health or welfare or the environment, Respondent shall notify EPA and the New Jersey Department of Environmental

Protection immediately. In the event of unanticipated or changed circumstances at the Site, Respondent shall notify the EPA Project Coordinator (or, in the event of the unavailability of the EPA Project Coordinator, the Chief of the Central New York Remediation Section of the Emergency and Remedial Response Division of EPA Region II) by telephone within twenty-four (24) hours of discovery of the unanticipated or changed circumstances. In addition to the authorities in the NCP, in the event that EPA determines that the immediate threat or the unanticipated or changed circumstances warrant changes in the RI/FS Work Plan and/or FOP, EPA will modify or amend the RI/FS Work Plan and/or FOP in writing accordingly. Respondent shall implement the RI/FS Work Plan and/or FOP as modified or amended.

41. EPA may determine that in addition to tasks defined in the initially-approved RI/FS Work Plan, other additional work may be necessary to accomplish the objectives of the RI/FS. EPA may require, pursuant to this Consent Order, that Respondent perform these response actions in addition to those required by the initially-approved RI/FS Work Plan, including any subsequently approved modifications, if EPA determines that such actions are necessary for a complete RI/FS. Subject to EPA resolution of any dispute pursuant to Section XVII, Respondent shall implement the additional tasks which EPA determines are necessary. The additional work shall be completed according to the standards, specifications and schedule set forth or approved by EPA in a written modification to the RI/FS Work Plan or written RI/FS Work Plan supplement. EPA reserves the right to conduct the work itself at any point, to seek reimbursement for the costs associated with the work from Respondent, and/or to seek any other appropriate relief.

X. FINAL RI/FS, PROPOSED PLAN, PUBLIC COMMENT, RECORD OF DECISION

42. EPA retains the responsibility for the release to the public of the RI and FS reports. EPA retains responsibility for the preparation and release to the public of the proposed remedial action plan and record of decision in accordance with CERCLA and the NCP.

43. EPA will provide Respondent with the proposed remedial action plan, and record of decision.

44. EPA will determine the contents of the administrative record file for selection of the remedial action. Respondent shall submit to EPA documents developed during the course of the RI/FS upon which selection of the remedial action may be based. Respondent shall provide copies of plans, task memoranda including documentation of field modifications, recommendations for further action, quality assurance memoranda and audits, raw data, field notes, laboratory analytical reports, and other reports. Respondent shall additionally submit any previous studies conducted under state, local or other federal authorities relating to selection of the response action and all communications between Respondent and state, local or other federal authorities concerning selection of the response action.

XI. PROJECT COORDINATORS, OTHER PERSONNEL

45. EPA has designated the following individual as its Project Coordinator with respect to the Site:

Patricia Simmons, Remedial Project Manager
Emergency and Remedial Response Division
U.S. Environmental Protection Agency
290 Broadway, 20th Floor
New York, New York 10007-1866
(212) 637-3865

Not later than seven (7) days after the effective date of this Consent Order, Respondent shall select its own Project Coordinator and shall notify EPA in writing of the name, address, qualifications, job title and telephone number of that Project Coordinator. He or she shall have technical expertise sufficient to adequately oversee all aspects of the work contemplated by this Consent Order. Respondent and EPA's Project Coordinators shall be responsible for overseeing the implementation of this Consent Order and shall coordinate communications between EPA and Respondent. EPA and Respondent may change their respective Project Coordinators. Such a change shall be accomplished by notifying the other party in writing at least ten (10) days prior to the change where possible, and concurrently with the change or as soon thereafter as possible in the event that advance notification is not possible.

46. EPA's Project Coordinator shall have the authority lawfully vested in a Remedial Project Manager and On-Scene Coordinator by the NCP. In addition, EPA's Project Coordinator shall have the authority, consistent with the NCP, to halt any work required by this Consent Order, and to take any necessary response action when she/he determines that conditions at the Site may present an immediate endangerment to public health or welfare or the environment. The absence of the EPA Project Coordinator from the area under study pursuant to this Consent Order shall not be cause for the stoppage or delay of work.

47. All activities required of Respondent under the terms of this Consent Order shall be performed only by qualified persons possessing all necessary permits, licenses, and other authorizations required by applicable law.

XII. OVERSIGHT

48. During the implementation of the requirements of this Consent Order, Respondent and its contractors and subcontractors shall be available for such conferences and inspections with EPA as EPA may determine are necessary for EPA to adequately oversee the work being carried out and/or to be carried out.

49. Respondent and its employees, agents, contractors and consultants shall cooperate with EPA in its efforts to oversee Respondent's implementation of this Consent Order.

XIII. SAMPLING, ACCESS AND DATA AVAILABILITY/ADMISSIBILITY

50. If any area to which access is necessary to perform work under this Consent Order is owned in whole or in part by parties other than those bound by this Consent Order, Respondent shall obtain, or use best efforts to obtain, access to the Site within sixty (60) days of the effective date of this

Consent Order. Such agreements shall provide access for EPA, its contractors and oversight officials, NJDEP and its contractors, and Respondent or its authorized representatives, and agreements for such access shall specify that Respondent is not EPA's representative with respect to liability associated with Site activities. Copies of such agreements shall be provided to EPA within ten (10) days of their execution. If access agreements are not obtained within the time referenced above, Respondent shall immediately notify EPA of its failure to obtain access. EPA may, in its sole discretion, obtain access for Respondent, perform those tasks or activities with EPA contractors, or terminate this Consent Order in the event that Respondent cannot obtain access agreements. In the event that EPA performs those tasks or activities with EPA contractors and does not terminate this Consent Order, Respondent shall reimburse EPA for all costs incurred in performing such activities and shall perform all other activities not requiring access to the given property. Respondent additionally shall integrate the results of any such tasks undertaken by EPA into its reports and deliverables. Furthermore, Respondent agrees to indemnify the United States as specified in paragraph 92 of this Consent Order. Respondent shall also reimburse EPA pursuant to paragraph 76 for all costs and attorney fees incurred by the United States in its efforts to obtain access for Respondent.

51. At all reasonable times, EPA and its authorized representatives shall have the authority to enter and freely move about all property at the Site and off-Site areas where work, if any, is being performed, for the purposes of inspecting conditions, activities, the results of activities, records, operating logs, and contracts related to the Site or Respondent and their contractor pursuant to this Consent Order; reviewing the progress of Respondent in carrying out the terms of this Consent Order; conducting tests as EPA or its authorized representatives deem necessary; using a camera, sound recording device or other recording equipment; and verifying the data submitted to EPA by Respondent. Respondent agrees to provide EPA and its designated representatives with access to inspect and copy all records, files, photographs, documents, sampling and monitoring data, and other writings related to work undertaken in carrying out this Consent Order. EPA and its authorized representatives with access to the Site under this paragraph shall comply with all approved health and safety plans.

52. All data, records, photographs and other information created, maintained or received by Respondent or its agents, contractors or consultants in connection with implementation of the work under this Consent Order, including but not limited to contractual documents, quality assurance memoranda, raw data, field notes, laboratory analytical reports, invoices, receipts, work orders and disposal records, shall, without delay, be made available to EPA on request. EPA shall be permitted to copy all such documents and other items.

53. Upon request by EPA, or its designated representatives, Respondent shall provide EPA or its designated representatives with duplicate and/or split samples of any material sampled in connection with the implementation of this Consent Order, or, at EPA's option, allow EPA or its designated representatives to take such samples.

54. Respondent may assert a claim of business confidentiality under 40 C.F.R. § 2.203, covering part or all of the information submitted to EPA pursuant to the terms of this Consent Order, provided such claim is allowed by section 104(e)(7) of CERCLA, 42 U.S.C. § 9604(e)(7). This claim shall

be asserted in the manner described by 40 C.F.R. § 2.203(b) and substantiated at the time the claim is made. Information determined to be confidential by EPA will be given the protection specified in 40 C.F.R. Part 2. If no such claim accompanies the information when it is submitted to EPA, it may be made available to the public by EPA or the State without further notice to Respondent. Respondent agrees not to assert confidentiality claims with respect to any data related to Site conditions, sampling, or monitoring.

55. Notwithstanding any other provision of this Consent Order, EPA hereby retains all of its information gathering, access and inspection authority under CERCLA, RCRA, and any other applicable statute or regulation.

56. In entering into this Consent Order, Respondent waives any objections to any validated data gathered, generated, or evaluated by EPA, NJDEP or Respondent in the performance or oversight of the work that has been verified according to the quality assurance/quality control (QA/QC) procedures required pursuant to this Consent Order. If Respondent objects to any other data relating to the RI/FS and which is submitted in a monthly progress report in accordance with paragraph 35 herein, Respondent shall submit to EPA a report that identifies and explains its objections, describes its views regarding the acceptable uses of the data, if any, and identifies any limitations to the use of the data. The report must be submitted to EPA within thirty (30) days of the monthly progress report containing the data.

XIV. OTHER APPLICABLE LAWS

57. Respondent shall comply with all laws that are applicable when performing the RI/FS. No local, state, or federal permit shall be required for any portion of the work, including studies, required hereunder which is conducted entirely on-site, where such work is carried out in compliance with Section 121 of CERCLA, 42 U.S.C. § 9621; however, Respondent must comply with the substantive requirements that would otherwise be included in such permits. For any off-Site work performed pursuant to this Consent Order, Respondent shall obtain all permits necessary under applicable laws and shall submit timely applications and requests for any such permits. This Consent Order is not, nor shall it act as, a permit issued pursuant to any federal or state statute or regulation.

XV. RECORD PRESERVATION

58. All records and documents in Respondent's possession that relate in any way to the Site shall be preserved during the conduct of this Consent Order and for a minimum of ten (10) years after commencement of construction of any remedial action which is selected following the completion of the RI/FS. Respondent shall acquire and retain copies of all documents that relate to the Site and are in the possession of its employees, agents, accountants, contractors, or attorneys. After this ten (10)-year period, Respondent shall notify EPA at least ninety (90) days before the documents are scheduled to be destroyed. If EPA requests that the documents be saved, Respondent shall, at no cost to EPA, give the documents or copies of the documents to EPA.

XVI. COMMUNITY RELATIONS

59. Respondent shall cooperate with EPA in providing information relating to the work required hereunder to the public. To the extent requested by EPA, Respondent shall participate in the preparation of all appropriate information disseminated to the public and make presentations at, and participate in, public meetings which may be held or sponsored by EPA to explain activities at or concerning the Site.

XVII. DISPUTE RESOLUTION

60. Any dispute concerning activities or deliverables required under this Consent Order, excluding the baseline risk assessment, shall be resolved as follows: The dispute shall in the first instance be the subject of informal negotiations between EPA and the Respondent and the period for such informal negotiation shall not exceed twenty (20) days from the time the dispute arises. In the event that the parties cannot resolve a dispute by informal negotiations under the preceding sentence, the position advanced by EPA shall be considered binding unless, Respondent notifies EPA's Project Coordinator, in writing, of its objections within five (5) days of after the conclusion of the informal negotiation period. Respondent's written objections shall define the dispute, state the basis of Respondent's objections, and be sent to EPA by certified mail, return receipt requested. EPA and Respondent then have an additional fourteen (14) days to reach agreement. If an agreement is not reached within the fourteen (14) days, Respondent may, within seven (7) days of the conclusion of the aforementioned fourteen (14)-day period, request a determination by the Chief of the New York Remediation Branch of the Emergency and Remedial Response Division, EPA Region II (hereinafter, the "Chief"). Such a request by Respondent shall be made in writing. The Chief's determination is EPA's final decision. Respondent shall proceed in accordance with EPA's final decision regarding the matter in dispute, regardless of whether Respondent agrees with the decision. If Respondent does not agree to perform or does not actually perform the work in accordance with EPA's final decision, EPA reserves the right in its sole discretion to conduct the work itself and seek reimbursement from Respondent of the costs of that work, to seek enforcement of the decision, to seek stipulated penalties, and/or to seek any other appropriate relief. Stipulated penalties, provided in Section XVIII of this Consent Order, with respect to the disputed matter shall continue to accrue but payment shall be stayed pending resolution of the dispute as provided in this paragraph. Notwithstanding the stay of payment, stipulated penalties shall accrue from the first (1st) day of noncompliance with any applicable provision of this Consent Order. In the event that Respondent does not prevail on the disputed issue, stipulated penalties shall be assessed and paid as provided in Section XVIII of this Consent Order.

61. Respondent is not relieved of its obligations to perform and conduct activities and submit deliverables on the schedules which are approved by EPA and applicable to the work required pursuant to this Consent Order, while a matter is pending in dispute resolution. The invocation of dispute resolution does not stay the accrual of stipulated penalties under this Consent Order.

XVIII. DELAY IN PERFORMANCE/STIPULATED PENALTIES

62. For each day that Respondent fails to complete a deliverable in a timely manner or fails to produce a deliverable of acceptable quality, or otherwise fails to perform in accordance with the requirements of this Order, Respondent shall be liable for stipulated penalties. Penalties begin to accrue on the day that performance is due or a violation occurs, and shall continue to accrue until the noncompliance is corrected. Where a revised submission by Respondent is required by EPA, stipulated penalties shall continue to accrue until a deliverable satisfactory to EPA is produced. EPA will provide written notice for violations that are not based on timeliness; nevertheless, penalties shall accrue from the day a violation commences. Payment shall be due within thirty (30) days of receipt of a demand letter from EPA.

63. Respondent shall pay interest on any amount due to EPA. The interest shall begin to accrue at the end of the thirty (30)-day period referred to in the previous paragraph, at the rate established by the Department of Treasury pursuant to 31 U.S.C. §3717. Respondent shall further pay a handling charge of one (1) percent, to be assessed at the end of each thirty-one (31)-day period, and a six (6) percent per annum penalty charge, to be assessed if the penalty is not paid in full within ninety (90) days after it is due.

64. Respondents shall make all payments by forwarding a cashier's or certified check to:

U.S. Environmental Protection Agency
EPA - Region 2
Attn: Superfund Accounting
P.O. Box 360188M
Pittsburgh, PA 15251

Checks shall identify the name of the Site, the site identification number, the account number, and the index number of this Order. A copy of the check and of the accompanying transmittal letter shall be sent to the first two addressees listed in paragraph 37 above.

As an alternative, payment may also be provided to our account at Mellon Bank via electronic funds transfer ("EFT"). To effect this payment via EFT, please provide the following information to your bank:

1. Amount of payment
2. Title of Mellon Bank account to receive the payment: EPA
3. Account code for Mellon Bank receiving the payment: 9108544
4. Mellon Bank ABA routing number: 043000261
5. Name of remitter: ISP Environmental Services, Inc.
6. Site identifier: 02HU

Along with this information, please instruct your bank to remit payment in the agreed upon amount via EFT to EPA's account with Mellon Bank.

To ensure that your payment is properly recorded, you should send a letter, within one week of the EFT, which references the date of the EFT, the payment amount, the name of the site, the case number, and your name and address to:

John E. La Padula, Chief
New York Remediation Branch
United States Environmental Protection Agency
290 Broadway - 20th Floor
New York, New York 10007-1866

as well as to:

Walter Mugdan, Regional Counsel
United States Environmental Protection Agency
290 Broadway - 17th Floor
New York, New York 10007-1866

65. For the following deliverables, stipulated penalties shall accrue in the amount of \$2,500 per day, per violation, for the first seven (7) days of noncompliance; \$5,000 per day, per violation, for the eighth (8th) through fourteenth (14th) day of noncompliance; and \$7,500 per day, per violation, for the fifteenth (15th) day through the thirtieth (30th) day of noncompliance, and \$10,000 per day, per violation, for any violations lasting for more than thirty (30) days:

- A. An original and any revised RI/FS work plan.
- B. An original and any revised SAP, QAPP, or HSP.
- C. An original and any draft RI report.
- D. An original and any revised Treatability Testing Work Plan, if required.
- E. An original and any revised Treatability Study SAP, QAPP, and/or HSP, if required.
- F. An original and any revised Treatability Study Evaluation Report, if required.
- G. An original and any revised draft FS Report.

66. For the following deliverables, stipulated penalties shall accrue in the amount of \$1,250 per day, per violation, for the first seven (7) days of noncompliance; \$2,500 per day, per violation, for the eighth (8th) through fourteenth (14th) day of noncompliance; and \$3,750 per day, per violation, for the fifteenth (15th) day through the thirtieth (30th) day of noncompliance, and \$5,000 per day, per violation, for all violations lasting beyond thirty (30) days.

- A. An original and any revised Site Characterization Summary Report.
- B. An original and any revised Identification of Candidate Technologies Memorandum.

- C. An original and any revised Treatability Testing Statement of Work.
- D. Presentation regarding Findings of RI, Remedial Action Objectives, and Development and Preliminary Screening of Alternatives.
- E. Presentation regarding draft FS Report.
- F. Certificate of Insurance.

67. For the monthly progress reports, stipulated penalties shall accrue in the amount of \$625 per day, per violation, for the first seven (7) days of noncompliance; \$1,250 per day, per violation, for the eighth (8th) through fourteenth (14th) day of noncompliance; and \$1,875 per day, per violation, for the fifteenth (15th) day through the thirtieth (30th) day, and \$2,500 per day, per violation, for all violations lasting beyond thirty (30) days.

68. Respondent may dispute EPA's right to the stated amount of penalties by invoking the dispute resolution procedures under Section XVII herein. Penalties shall accrue but need not be paid during the dispute resolution period. If Respondent does not prevail upon resolution, all penalties shall be due to EPA within thirty (30) days of resolution of the dispute. If Respondent prevails upon resolution, no such penalties shall be payable.

69. In the event that EPA requires that corrections to an interim deliverable be reflected in the next deliverable, rather than requiring that the interim deliverable be resubmitted, no stipulated penalties for that interim deliverable shall accrue.

70. The stipulated penalties provisions of this Consent Order do not preclude EPA from pursuing any other remedies or sanctions which are available to EPA because of Respondent's failure to comply with this Consent Order, including but not limited to conduct of all or part of the RI/FS by EPA. Payment of stipulated penalties does not alter Respondent's obligation to complete performance under this Consent Order.

XIX. FORCE MAJEURE

71. "Force majeure", for purposes of this Consent Order, is defined as any event arising from causes entirely beyond the control of Respondent and of any entity controlling, controlled by, or under common control with Respondent, including Respondent's contractors and subcontractors, that delays the timely performance of any obligation under this Consent Order notwithstanding Respondent's best efforts to avoid the delay. The requirement that Respondent exercise "best efforts to avoid the delay" includes using best efforts to anticipate any potential force majeure event and best efforts to address the effects of any potential force majeure event (1) as it is occurring and (2) following the potential force majeure event, such that the delay is minimized to the greatest extent practicable. As a way of example, but not as a way of limitation, increased costs or expenses of any work to be performed under this Consent Order or the financial difficulty of Respondent to perform such work are not considered force majeure events.

72. If any event occurs or has occurred that may delay the performance of any obligation under this Consent Order, whether or not caused by a force majeure event, Respondent shall notify by telephone the EPA Project Coordinator or, in his or her absence, the Chief of the Central New York Remediation Section of the Emergency and Remedial Response Division of EPA Region II, within forty-eight (48) hours of when Respondent knew or should have known that the event might cause a delay. Within five (5) business days thereafter, Respondent shall provide in writing: the reasons for the delay; Respondent's rationale for interpreting the circumstances as constituting a force majeure event (should that be Respondent's claim); the anticipated duration of the delay; all actions taken or to be taken to prevent or minimize the delay; a schedule for implementation of any measures to be taken to mitigate the effect of the delay; and a statement as to whether, in the opinion of Respondent, such event may cause or contribute to an endangerment to public health, welfare or the environment. Such written notice shall be accompanied by all available pertinent documentation including, but not limited to, third-party correspondence. Respondent shall exercise best efforts to avoid or minimize any delay and any effects of a delay. Failure to comply with the above requirements may preclude Respondent from asserting any claim of force majeure.

73. If EPA agrees that the delay or anticipated delay is attributable to force majeure, the time for performance of the obligations under this Consent Order that are directly affected by the force majeure event will be extended for a period of time, determined by EPA, not to exceed the actual duration of the delay caused by the force majeure event. An extension of the time for performance of the obligation directly affected by the force majeure event shall not, of itself, extend the time for performance of any subsequent obligation.

74. If EPA does not agree that the delay or anticipated delay has been or will be caused by a force majeure event or if Respondent objects to the length of the extension determined by EPA pursuant to paragraph 73 above, the issue shall be subject to the dispute resolution procedures set forth in Section XVII of this Consent Order. In order to qualify for a force majeure defense, Respondent shall have the burden of demonstrating by a preponderance of the evidence that the delay or anticipated delay has been or will be caused by a force majeure event, that the duration of the delay was or will be warranted under the circumstances, that Respondent did exercise or is exercising due diligence by using its best efforts to avoid and mitigate the effects of the delay, and that Respondent complied with the requirements of paragraph 72.

75. Should Respondent carry the burden set forth in paragraph 74, the delay at issue shall not be deemed a violation of the affected obligation of this Consent Order.

XX. REIMBURSEMENT

76. Respondent shall reimburse the United States for all response costs which are incurred by the EPA after the effective date of this Consent Order and which relate to this Consent Order. The response costs which Respondent agrees to reimburse EPA for include, but are not limited to, oversight costs, direct and indirect costs, payroll costs, contractor costs, travel costs, laboratory costs and all other costs identified in paragraph 77., below, which are incurred by EPA after the effective date of this Consent Order.

77. EPA will periodically send Respondent billings for response costs. Those billings will be accompanied by a printout of cost data in EPA's financial management system, supplemented, if necessary, by a letter report(s) documenting additional costs incurred by EPA which are not reflected in that printout. The billings will also be accompanied by a calculation of EPA's indirect costs. Such costs may include, but are not limited to, costs incurred by the United States Government in overseeing Respondent's implementation of the requirements of this Consent Order and activities performed by the United States Government as part of the RI/FS and community relations, including any costs incurred while obtaining access. Such costs will include both direct and indirect costs, including but not limited to, time and travel costs of EPA personnel and associated indirect costs, contractor costs, cooperative agreement costs, costs of compliance monitoring, including the collection and analysis of split samples, inspection of RI/FS activities, Site visits, discussions regarding disputes that may arise as a result of this Consent Order, review and approval or disapproval of reports, costs of performing the baseline risk assessment, and costs of redoing any of Respondent's tasks. Respondent shall, within thirty (30) days of receipt of each such billing, remit a cashier's or certified check for the amount of those costs, made payable to the "Hazardous Substance Superfund," or provide payment to EPA's account at Mellon Bank via EFT, following the instructions listed in paragraph 64, above.

78. Respondent shall mail the payments required pursuant to this Section to the following address:

EPA - Region II
Attn: Superfund Accounting
P.O. Box 360188M
Pittsburgh, PA 15251

or provide payment to EPA's account at Mellon Bank via EFT following the instructions listed in paragraph 64, above.

Checks shall include the name of the Site, and the index number of this Consent Order. A copy of each check and of the accompanying transmittal letter shall be sent to the first two addressees listed in paragraph 37, above.

79. Respondent shall pay interest on any amounts overdue under paragraph 76. Such interest shall begin to accrue on the first day that the respective payment is overdue. Interest shall accrue at the rate of interest on investments of the Hazardous Substances Superfund, in accordance with Section 107(a) of CERCLA, 42 U.S.C. § 9607(a).

XXI. RESERVATIONS OF RIGHTS AND REIMBURSEMENT OF OTHER COSTS

80. EPA reserves the right to bring an action against Respondent (and/or any other responsible parties) under Section 107 of CERCLA, 42 U.S.C. § 9607, for recovery of all response costs incurred by the United States relating to the Site that are not reimbursed by Respondent, including, but not limited to, all response costs which were incurred by EPA prior to the effective date of this Consent Order, any costs which may be incurred in the event that EPA performs the RI/FS or any

part thereof and all response costs incurred by the United States after the effective date of this Consent Order for response actions relating to the Site.

81. EPA reserves the right to bring an action against Respondent to enforce the requirements of this Consent Order, to collect stipulated penalties assessed pursuant to Section XVIII of this Consent Order, and to assess penalties pursuant to Section 109 of CERCLA, 42 U.S.C. § 9609, or any other applicable provision of law.

82. Except as expressly provided in this Consent Order, each party reserves all rights and defenses it may have. Nothing in this Consent Order shall be construed to limit, in any way, EPA's response or enforcement authorities including, but not limited to, the right to seek injunctive relief, stipulated penalties, statutory penalties, and/or punitive damages.

83. Performance of the work required under the terms of this Consent Order, shall not release Respondent from liability for any response actions, including liability for any removal action(s), remedial design(s), remedial action(s), or any other response actions which may be required at or related to the Site, which are not required by and performed pursuant to the terms of this Consent Order.

XXII. DISCLAIMER

84. By signing and taking actions under this Consent Order, Respondent does not necessarily agree with the Findings of Fact and Conclusions of Law contained herein. Furthermore, the participation of Respondent in this Consent Order shall not be considered an admission of liability and is not admissible in evidence against Respondent in any judicial or administrative proceeding other than a proceeding by the United States, including EPA, to enforce this Consent Order or a judgment relating to it. Respondent retains the right to assert claims against other potentially responsible parties at the Site. However, Respondent agrees not to contest the validity or terms of this Consent Order, or the procedures underlying or relating to it in any action brought by the United States, including EPA, to enforce its terms.

XXIII. OTHER CLAIMS

85. In entering into this Consent Order, Respondent waives any right to seek reimbursement, under Section 106(b) of CERCLA, 42 U.S.C. § 9606(b). Respondent also waives any right to present a claim with respect to such costs under Section 111 or 112 of CERCLA, 42 U.S.C. §§ 9611 or 9612. This Consent Order does not constitute any decision on preauthorization of funds under Section 111(a)(2) of CERCLA, 42 U.S.C. § 9611(a)(2). Respondent further waives all other statutory and common law claims against EPA, including, but not limited to, contribution and counterclaims, relating to or arising out of conduct of the RI/FS or this Consent Order.

86. Nothing in this Consent Order shall constitute or be construed as a release from any claim, cause of action, or demand in law or equity against any "person," as that term is defined in Section 101(21) of CERCLA, 42 U.S.C. § 9601(21), not a signatory to this Consent Order for any liability it may have arising out of or relating in any way to the generation, storage, treatment, handling,

transportation, release, or disposal of any hazardous substances, pollutants, or contaminants found at, taken to, or taken from the Site or to the ownership or operation of any part of the Site. Nothing herein shall constitute a finding that Respondent is the sole responsible party with respect to the release and threatened release of hazardous substances at or from the Site.

87. Respondent shall bear its own costs and attorneys fees.

XXIV. FINANCIAL ASSURANCE, INSURANCE, AND INDEMNIFICATION

88. Within thirty (30) days of the effective date of this Consent Order, Respondent shall establish and maintain financial security initially in the amount of one million dollars in one of the following forms:

(a) A surety bond guaranteeing performance of the work required of Respondent under this Consent Order;

(b) One or more irrevocable letters of credit equaling the total estimated cost of the work required of Respondent under this Consent Order;

(c) A trust fund;

(d) An unconditional written guarantee in favor of the United States to perform the work required of Respondent under this Consent Order, issued by one or more parent corporation or subsidiaries, or by one or more unrelated corporation that have a substantial business relationship with Respondent provided, that Respondent shall demonstrate that such corporation or subsidiary satisfies the general requirements of 40 C.F.R. §264.143(f).

89. If Respondent seeks to demonstrate the ability to complete the Work through a guarantee by a third party pursuant to the preceding paragraph of this Consent Order, Respondent shall demonstrate that the guarantor satisfies the requirements of 40 C.F.R. §264.143(f). If Respondent seeks to demonstrate its ability to complete the work required of Respondent under this Consent Order by means of the financial test or the corporate guarantee pursuant to the preceding paragraph, it shall resubmit sworn statements conveying the information required by 40 C.F.R. §264.143(f) annually on the anniversary of the effective date of this consent Order. In the event that EPA determines at any time that the financial assurance provided pursuant to this Section are inadequate, Respondent shall, within 30 days of receipt of notice of EPA's determination, obtain and present to EPA for approval additional financial assurances meeting the requirements of this Section. Respondent's inability to demonstrate financial ability to complete the work required of Respondent under this Consent Order shall not excuse performance of any activities required under this Consent Order.

90. (a) Prior to commencement of any work under this Consent Order, Respondent shall secure and maintain in force for the duration of this Consent Order and for two (2) years after the completion of all activities required by this Consent Order, Comprehensive General Liability

("CGL") and automobile insurance, with limits of \$5,000,000 combined single limit, naming the United States as additional insured thereunder with the right to receive notice addressed to the first two addressees listed in paragraph 41 above in the event of cancellation or amendment. The CGL insurance shall include Contractual Liability Insurance in the amount of \$2 million per occurrence, and Umbrella Liability Insurance in the amount of \$10 million per occurrence.

(b) Respondent shall also secure and maintain in force for the duration of this Consent Order and for two (2) years after the completion of all activities required by this Consent Order the following:

- i. Professional Errors and Omissions Insurance in the amount of \$1,000,000 per occurrence.
- ii. Pollution Liability Insurance in the amount of \$1,000,000 per occurrence, covering as appropriate both general liability and professional liability arising from pollution conditions.

(c) For the duration of this Consent Order, Respondent shall satisfy, and shall ensure that its contractors or subcontractors satisfy, all applicable laws and regulations regarding the provision of employer's liability insurance and workmen's compensation insurance for all persons performing work on behalf of Respondent, in furtherance of this Consent Order.

(d) If Respondent demonstrates by evidence satisfactory to EPA that any contractor or subcontractor maintains insurance equivalent to that described above, or insurance covering the same risks but in a lesser amount, and, in either case, including the naming of the United States as an additional insured, then with respect to that contractor or subcontractor, Respondent needs only provide that portion of the insurance described above which is not maintained by the contractor or subcontractor.

(e) Prior to commencement of any work under this Consent Order, and annually thereafter on the anniversary of the effective date of this Consent Order, Respondent shall provide to EPA certificates of such insurance and a copy of each insurance policy.

91. At least seven (7) days prior to the commencement of any work by a contractor on behalf of Respondent under this Consent Order, Respondent shall certify to EPA that the required insurance has been obtained by that contractor.

92. Respondent agrees to indemnify and hold the United States Government, its agencies, departments, agents, and employees harmless from any and all claims or causes of action arising from or on account of acts or omissions of Respondent, its employees, agents, servants, receivers, successors, or assignees, or any other persons acting on behalf of Respondent, including, but not limited to, firms, corporations, parent, subsidiaries and contractors, in carrying out activities under this Consent Order. The United States Government or any agency or authorized representative thereof shall not be held as a party to any contract entered into by Respondent in carrying out activities under this Consent Order.

93. Neither the United States Government nor any agency thereof shall be liable for any injuries or damages to persons or property resulting from acts or omissions by Respondent or Respondent's

officers, directors, employees, agents, contractors, consultants, receivers, trustees, successors or assigns in carrying out any action or activity pursuant to this Consent Order

XXV. EFFECTIVE DATE AND SUBSEQUENT MODIFICATION

94. This Consent Order shall be effective on the date it is signed by the Regional Administrator of the U.S. Environmental Protection Agency - Region II.

95. This Consent Order may be amended by mutual agreement of EPA and Respondent. Amendments shall be in writing and shall be effective when signed by EPA. EPA Project Coordinators do not have the authority to sign amendments to this Consent Order.

96. No informal advice, guidance, suggestions, or comments by EPA regarding reports, plans, specifications, schedules, and any other writing submitted by Respondent will be construed as relieving Respondent of their obligation to obtain such formal approval as may be required by this Consent Order. Any deliverables, plans, technical memoranda, reports (other than progress reports), specifications, schedules and other documents required to be submitted to EPA pursuant to this Consent Order shall, upon approval by EPA, be deemed to be incorporated in and an enforceable part of this Consent Order.

XXVI. TERMINATION AND SATISFACTION

97. When Respondent concludes that all of the work required by this Consent Order, including the performance of any additional work, payment of costs in accordance with Section XX of this Consent Order, and payment of any stipulated penalties demanded by EPA, has been fully and satisfactorily completed by Respondent, Respondent shall submit a report to EPA describing the basis for that belief and certifying in writing that Respondent has fully performed all of its obligations under the Consent Order. If EPA concludes that Respondent has fully performed all the work, paid all costs and penalties (if any), and completed all obligations required of Respondent by this Consent Order, EPA will so notify Respondent in a letter signed by the Chief, New York Remediation Branch, U.S. Environmental Protection Agency - Region II. This written notification shall release Respondent from any further obligation to perform any work under this Consent Order, other than Respondent's obligation to continue to preserve records pursuant to Section XV of this Consent Order.

98. The certification referred to in paragraph 97, above, shall be signed by a responsible official(s) representing each Respondent. Such representative shall make the following attestation:

"I certify that the information contained in or accompanying this certification is true, accurate, and complete."

For purposes of this Consent Order, a responsible official is a corporate official who is in charge of a principal business function.

U.S. ENVIRONMENTAL PROTECTION AGENCY

Jeanne M. Fox
Regional Administrator
U.S. Environmental Protection Agency
Region II

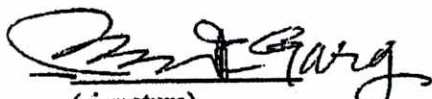
Date

CONSENT

Respondent identified below has had an opportunity to confer with EPA regarding this Consent Order. Respondent hereby consents to the issuance of this Consent Order and to its terms. The individual executing this Consent Order on behalf of Respondent certifies under penalty of perjury under the laws of the United States and of the State of Respondent's incorporation that he or she is fully and legally authorized to agree to the terms and conditions of this Consent Order and to bind Respondent thereto.

ISP Environmental Services Inc.
NAME OF RESPONDENT

5/13/99
Date


(signature)

Sunil K. Garg
(typed name of signatory)

Vice President, Environmental Services
(title of signatory)

EXHIBIT 11

WOLFF & SAMSON
5 Becker Farm Road
Roseland, NJ 07068
(973) 540-0500
Attorneys for Plaintiff
ISP Environmental Services Inc.

ISP Environmental Services, Inc. a
Delaware Corporation,

Plaintiff,

v.

HANLIN GROUP, INC., LCP Chemicals
Inc.

Defendants.

SUPERIOR COURT OF NEW JERSEY
LAW DIVISION: UNION COUNTY

DOCKET NO.

Civil Action

SPECIAL ENVIRONMENTAL ACTION

VERIFIED COMPLAINT

Plaintiff, ISP Environmental Services, Inc. by way of Verified Complaint against
defendants, Hanlin Group, Inc. and LCP Chemicals Inc., say:

The Parties

1. Plaintiff, ISP Environmental Services, Inc. ("ISP") is a Delaware corporation having its principal place of business at 1361 Alps Road, Wayne, New Jersey.
2. Defendant Hanlin Group, Inc. ("Hanlin") is the owner of real property located off South Wood Avenue on the Tremley Point Peninsula in Linden, New Jersey, Inc. (the "Property"), which is the LCP Chemicals, Inc. Superfund site, which was placed on the National Priorities List in July 1998. Hanlin is a Delaware corporation whose registration was revoked by the State of New Jersey in 1994 for failing to file an annual report for two consecutive years.
3. Defendant LCP Chemicals, Inc. ("LCP"), was, for all times relevant to this complaint, a subsidiary of Hanlin and was the operator of the Property until 1985 when it ceased all manufacturing on the Property.

Background

4. This action is brought pursuant to the New Jersey Access Act, N.J.S.A. 58:10B-16, under which ISP seeks an order granting it reasonable access to the Property for remediation purposes, namely to undertake all activities necessary to conduct a Remedial Investigation/Feasibility Study at the Property and other activities as required by the United States Environmental Protection Agency.

5. In May 1999, after receiving a demand from the United States Environmental Protection Agency ("USEPA"), ISP entered into an Administrative Consent Order ("ACO") with the USEPA regarding the Property. The ACO requires ISP to perform a Remedial Investigation/Feasibility Study at the Property. Paragraph 50 of the ACO requires ISP to use its "best efforts" to obtain access to the Property for remedial purposes. The ACO is attached hereto as Exhibit A.

6. As part of its best efforts to obtain access to the Property, ISP wrote letters requesting access to Peter Tracey, the listed registered agent of LCP Chemicals, Inc., and to C.A. Hansen, the registered agent of Hanlin. (Copies of these letters are attached as Exhibits A and B to the Certification of Diligent Inquiry submitted herewith.) The foregoing letters, dated June 17, 1999, were sent via certified mail and both were returned undelivered by the United States Post Office.

7. ISP also attempted to gain access to the Property through Hanlin's bankruptcy counsel McCarter & English. By letter dated July 22, 1999, ISP was advised that Hanlin, as Debtor-in-Possession, had abandoned all interest in the Property and that the bankruptcy court approved the abandonment on November 10, 1998. As a result of that order, the Debtor-in-Possession no longer has any interest in the Property and thus has no authority to grant or deny access. Hanlin's bankruptcy counsel has stipulated that the Debtor-in-Possession has no

ISP's access to the Property for remediation purposes. The July 22, 1999 letter is attached hereto as Exhibit B.

8. ISP was advised by Hanlin's bankruptcy counsel that while the pre-petition Debtor, Hanlin, still technically exists, it does not operate, function, pay taxes or conduct any business whatsoever. Hanlin's bankruptcy counsel further advised that ISP was unlikely to receive any response to its request for access since there is no authorized personnel of Hanlin to grant such permission. At present, therefore, the property is owned by Hanlin as pre-petition Debtor, and is no longer under bankruptcy court jurisdiction.

9. Based upon the foregoing, ISP has been unable to obtain access to the Property for remediation purposes as required by the ACO and brings this action under the Access Act, N.J.S.A. 58:10B-16.

COUNT I

(Relief Under N.J.S.A. 58:10B-16)

10. ISP repeats and realleges the allegations contained in the preceding paragraphs as if fully set forth herein.

11. Pursuant to N.J.S.A. 58:10B-16(a)(1), any person who undertakes the remediation of suspected or actual contamination and who requires access to conduct such remediation on real or personal property not owned by that person, may enter the property to conduct the necessary remediation if there is an agreement in writing between the person conducting the remediation and the property owner authorizing such entry. N.J.S.A. 58:10B-16(a)(1) further provides that if good faith efforts to enter into an access agreement fail, the Superior court may act in a summary manner and issue an order directing the property owner to grant reasonable access.

12. Pursuant to the ACO that ISP entered into with USEPA, ISP has a reasonable and necessary need for access to the Property as part of an ongoing environmental remediation

13. ISP has made continued good faith efforts to enter into an access agreement with the defendant but no agreement has been reached due to the defunct status of Hanlin and LCP. ISP has been unable to obtain access to the Property for remediation purposes.

14. Pursuant to N.J.S.A. 58:10B-16(b), the supervision by governmental agency of a remediation or a remediation undertaken pursuant to law "shall constitute prima facie evidence sufficient to support the issuance of an [access] order." The remediation to be undertaken at the Property will be under USEPA direction and supervision, namely, the ACO issued under CERCLA.

15. ISP is unable to undertake the remediation at the Property required by USEPA, and in order to avoid the imposition of civil or administrative penalties for failure to perform that remediation, ISP moves for relief pursuant to N.J.S.A. 58:10B-16(c).

16. ISP has made the required showing under N.J.S.A. 58:10B-16(b)(2), that access to the Property is reasonable and necessary to remediate contamination.

WHEREFORE, ISP demands judgment against the defendant:

(a) preliminarily and permanently restraining and enjoining the defendant from prohibiting ISP and ISP's authorized consultant's access to the Property;

(b) for the entry of an order, consistent with the requirements of N.J.S.A. 58:10B-16, directing the defendant to grant ISP and ISP's authorized consultants access to the Property for remediation purposes; and

(c) for such other relief as the Court deems just and proper.

WOLFF & SAMSON
A Professional Corporation
Attorneys for Plaintiff
ISP Environmental Services, Inc.

By: 

THOMAS SABINO

Dated: September 10, 1999

VERIFICATION TO COMPLAINT

I am Vice-President of ISP Environmental Services, Inc., the plaintiff in the within action. I am authorized to sign this verification on behalf of ISP Environmental Services, Inc.

I hereby certify that the statements made in the annexed Verified Complaint are true to my personal knowledge. I am aware that if any of the statements herein are willfully false, I am subject to punishment.



DR. SUNIL GARG

Dated: September 10, 1999

WOLFF & SAMSON

A PROFESSIONAL CORPORATION
COUNSELLORS AT LAW
5 BECKER FARM ROAD
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September 14, 1999

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MARCI DIFRANCESCO

VIA FEDERAL EXPRESS

Essex County Clerk
247 Hall of Records
465 Dr. Martin Luther King, Jr. Blvd.
Newark, NJ 07102

Re: **ISP Environmental Services, Inc. v. Hanlin Group, Inc.**
Docket No. (not yet assigned)

Dear Sir/Madam:

Wolff & Samson represents plaintiff ISP Environmental Services in the above captioned matter. On behalf of ISP, we submit the original and two copies of the following:

1. Order to Show Cause;
2. Verified Complaint;
3. Certification of Sharon Weiner;
4. Letter Brief;
5. Proposed Access Order; and
6. Case Information Statement.

Kindly file same, assign a docket number and submit to the appropriate Judge in the Law Division for his and/or her consideration. No preliminary or permanent restraints are sought by this action, which is being brought pursuant to a statute, namely, the New Jersey Access Act, N.J.S.A. 58:10B-16. You may charge our Superior Court Account #111425 the applicable filing fees. The filed copies can be returned to our offices in the envelope provided.

Very truly yours,

TS/sf
Enclosures

THOMAS SABINO

cc: Muthu Sundram, Esq. - USEPA - (w/encl.)
Lisa S. Bonsall, Esq. - (w/encl.)

COPY

SEP 16 1999

WOLFF & SAMSON

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September 14, 1999

VIA FEDERAL EXPRESS

Honorable Judge of the Superior Court
Superior Court of New Jersey
Union County Courthouse
2 Broad Street
Elizabeth, NJ 07207

Re: **ISP Environmental Services, Inc. v. Hanlin Group, Inc., et al.**
Docket No. (not yet assigned)

Dear Honorable Judge:

Wolff & Samson represents plaintiff ISP Environmental Services, Inc. ("ISP") in the above action commenced pursuant to the New Jersey Access Act, N.J.S.A. 58:10B-16. Please accept this letter brief in support of ISP's Order to Show Cause under the Access Act for the entry of an order granting ISP access to defendants Hanlin Group, Inc. and LCP Chemicals, Inc.'s (collectively, the "Defendants") property in order to conduct a Remedial Investigation/Feasibility Study required by the United States Environmental Protection Agency ("USEPA").

ISP instituted the within action because its good faith efforts to enter into a written access agreement with the Defendants have not been fruitful and ISP seeks to avoid the possible imposition of penalties by USEPA for failure to conduct required remediation. This

COPY

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Honorable Judge of the Superior Court
September 14, 1999
Page 2

action is brought pursuant to an Order to Show Cause under R. 4:67-1 et seq., in that the Access Act mandates proceedings in a summary manner, N.J.S.A. 58:10B-16(a)(1).

Factual Background

On July 27, 1998, property located off of South Wood Avenue on the Tremley Point Peninsula in Linden, New Jersey, was included on the National Priorities List, established under Section 105(a)(8)(B) of CERCLA, 42 U.S.C. §9505(a)(8)(B). This area is known as the LCP Chemicals Superfund Site (hereinafter the "Property"). From 1972 to 1985, the Property had been used by defendant LCP Chemicals (a wholly owned subsidiary of defendant Hanlin Group, Inc.) to produce chlorine. LCP Chemicals purchased the Property from ISP's predecessor, GAF Corporation, in 1972. ISP has been named as a potentially responsible party by USEPA in connection with certain contamination at the Property. In May 1999, ISP entered into a Administrative Consent Order with USEPA pursuant to which ISP is obligated to conduct a Remedial Investigation/Feasibility Study regarding the Property.

By letters dated June 17, 1999, ISP wrote to each Defendant, via certified mail, requesting access for remediation purposes. Both letters were returned by the United States Postal Service as undeliverable. (See Certification of Diligent Inquiry submitted herewith.) As part of its efforts to obtain access, ISP contacted Hanlin's bankruptcy counsel and was advised that Hanlin had filed a Bankruptcy Petition under Chapter 11 of the United States Bankruptcy Code on July 10, 1991. Hanlin's operating assets were sold in 1994; Hanlin has not conducted any operations at the Property since 1994. Debtor-in-Possession Hanlin abandoned all interest in the Property and the bankruptcy court approved the abandonment on November 10, 1998. As a result of that order, the Debtor-in-Possession has no authority to grant or deny access.

Honorable Judge of the Superior Court
September 14, 1999
Page 3

However, Hanlin's bankruptcy counsel has stipulated that the Debtor-in-Possession has no objection to ISP's access to the Property for remediation purposes. (See Exhibit B to Verified Complaint.)

ISP was further advised by Hanlin's bankruptcy counsel that while the prepetition Debtor, Hanlin, still technically exists, it does not operate, function, pay taxes or conduct any business whatsoever. Hanlin's bankruptcy counsel further advised that ISP was unlikely to receive any response to its request for access since there are no authorized personnel of Hanlin to grant such permission. (Id.)

Legal Argument

This action presents a straight forward application of ISP's rights under the Access Act. Pursuant to N.J.S.A. 58:10B-16(a)(1), the threshold to trigger rights under the Access Act are: (1) a person undertaking the remediation of suspected or actual contamination; (2) must require access to real or personal property not owned by them for remediation purposes; (3) and having failed in good faith efforts to reach a written access agreement with the property owner; (4) may seek an order in a summary manner from the Superior Court. As set forth in its Verified Complaint, ISP has satisfied these conditions.

Moreover, pursuant to N.J.S.A. 58:10B-16(b)(2), the "presence of an applicable department oversight document or a remediation obligation pursuant to law involving the property for which access is sought shall constitute prima facie evidence sufficient to support the issuance of an order." Here, the remediation will occur under direct USEPA supervision, and all remedial activities which are the subject of this action will be undertaken pursuant to the May 1999 ACO between ISP and USEPA.

Honorable Judge of the Superior Court
September 14, 1999
Page 4

ISP submits that a prima facie case for the issuance of an access order is presented herein. For the foregoing reasons, ISP respectfully requests a prompt return date for the Order to Show Cause be scheduled and an access order be subsequently issued. A form of said access order is also provided herewith.

Based upon the circumstances present herein, namely that both Defendants are defunct with no known active officers, ISP's proposed order provides that publication notice, pursuant to R. 4:4-5(c), of the return date of the Order to Show Cause be made. The Order to Show Cause will also be sent to the last known address of the registered agent of each defendant and the Secretary of State of New Jersey.

Respectfully submitted,

WOLFF & SAMSON
A Professional Corporation
Attorneys for Plaintiff
ISP Environmental Services, Inc.

By: _____
THOMAS SABINO

TS/sf

Enclosures

cc: Mutha Sundram, Esq. (w/enc.)
Lisa S. Bonsall, Esq. (w/enc.)

EXHIBIT 2

| Quarter | 1 |
|---------|---|
|---------|---|

| No | Enis | Enis Page | Company | Company | Description | Proj. start |
|----|----------|-----------|---------|--------------------------|--|-------------|
| 1 | 72721468 | 523 | 165 | Orbital Chemical Company | Orbital Chemical from new single propellant system based on 1,1,1,2,2,2-hexafluoroethane | X |
| 2 | 72721468 | 523 | 165 | Thiery Prop Corporation | Thiery Prop Corporation 1,1,1,2,2,2-hexafluoroethane | X |
| 3 | 22081152 | 148 | 446 | Boeing of Utah | Boeing of Utah Boeing of Utah | X |
| 4 | 10291148 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 5 | 10291148 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 6 | 11530132 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 7 | 10271918 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 8 | 524149 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 9 | 515145 | 119 | 7 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 10 | 10170168 | 141 | 7 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 11 | 41271168 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
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| 43 | 11530132 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |
| 44 | 11530132 | 141 | 326 | Orbital Chemical | Orbital Chemical Orbital Chemical | X |

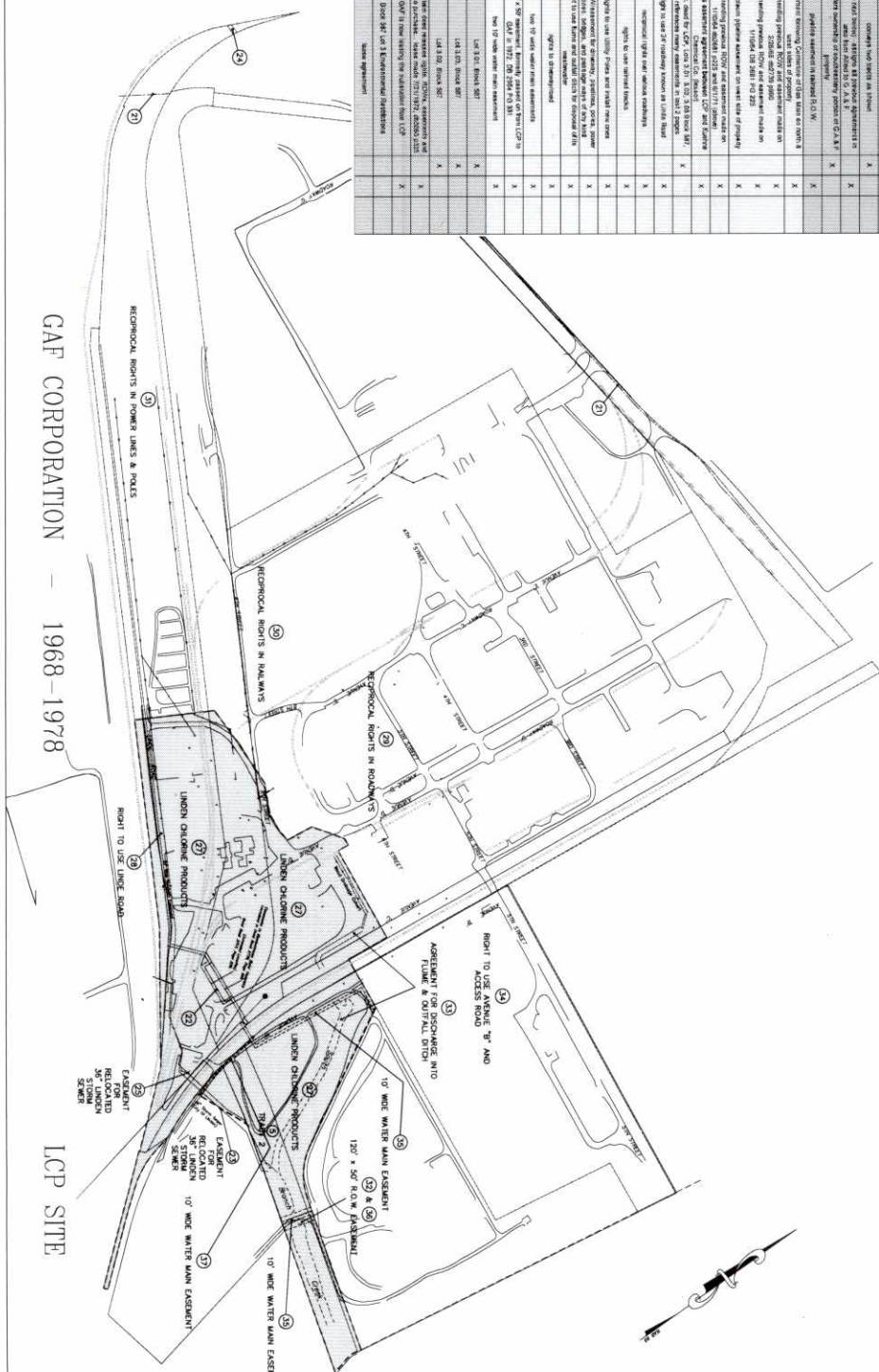


EXHIBIT 3

PLAN OF COMPLETE LIQUIDATION
OF

GAF Corporation
(a Delaware corporation)

The following plan of complete liquidation (the "Plan"), shall effect the complete liquidation of GAF Corporation, a Delaware corporation (the "Corporation"), in accordance with Section 332 of the Internal Revenue Code of 1986, as amended ("Section 332").

1. The Plan shall be effective, subject to the conditions hereinafter provided, upon its approval by the affirmative vote of the holders of all the outstanding shares of capital stock of the Corporation entitled to vote thereon. Such approval shall constitute approval of each of the actions contemplated by the Plan.

2. Within the Liquidation Period (as defined in paragraph 3 herein), the Corporation shall distribute and transfer to certain corporations listed herein, all of its assets, subject to all of its liabilities, in each case pursuant to the specific provisions of paragraphs 4 through 12 of this Plan, in complete cancellation of all its stock. Dorset Inc., a Delaware corporation ("Dorset"), GAF Building Materials Corporation, formerly known as Edgecliff Inc., a Delaware corporation ("Edgecliff"), Merick Inc., a Delaware corporation

("Merick"), Perth Inc., a Delaware corporation ("Perth") and Clover Inc., a Delaware corporation ("Clover") shall each continue to own until the liquidation is completed all the stock of the Corporation which each owns on the date of adoption of the Plan.

3. The "Liquidation Period", as used herein, shall mean the period beginning on the date of adoption of this Plan and ending three years from the close of the taxable year in which the first distribution is made, provided that the liquidation shall be substantially completed by April 10, 1989.

4. The Corporation shall transfer to Dorset:

(i) all the assets and liabilities, known and unknown, relating to its acetylenic chemicals, surfactants, specialty chemicals, organometalics, mineral products, industrial filters and filter vessels businesses (collectively, the "Chemicals Businesses"), including but not limited to: (A) all the outstanding stock of GAF Chemicals Corp., General Aniline and Film Corp., GAF Realty Corporation, GAF International Corporation, Ludlow Inc., Bluehall Inc., Mossbank Inc., Alkaril Chemicals Ltd. (Canada), GAF (Australasia) Pty. Ltd., GAF (Belgium) N.V., GAF do Brasil Industria e Comercio Ltda, GAF (Canada) Inc., GAF (Deutschland) GmbH, GAF (France) S.A., GAF Freight Services N.V. (Belgium), GAF (Great Britain) Co. Ltd., GAF (Hong Kong) Limited, GAF Insurance Ltd. (Bermuda), GAF (Italia) S.r.l., GAF (Japan) Ltd., GAF Corporation de Mexico,

S.A. de C.V., GAF (Norden) A.B., GAF (Osterreich) Ges.m.b.H., GAF Sales (U.K.) Limited, GAF (Singapore) Pte. Ltd., GAF (Switzerland) A.G., GAF (U.S. Virgin Islands), Inc., and all the shares of GAF-Huls Chemie GmbH held by the Corporation; (B) all right, title and interest of the Corporation in and to all the technologies used by the Corporation relating to the Chemicals Businesses, including, but not limited to the patents and trademarks listed in Exhibit A attached hereto; (C) all the Corporation's real property interests listed in Exhibit B attached hereto;

(ii) notwithstanding any other provision of this Plan, all its trademarks or tradenames that contain the name "GAF", including, but not limited to those contained in Exhibit C attached hereto (to the extent owned by the Corporation);

(iii) liabilities arising out of (A) the production of Amiben; (B) Project Aware environmental clean-up costs; and (C) environmental claims arising out of plants currently operating in the Chemicals Businesses; and

(iv) all of its assets, known or unknown, the transfer, conveyance, or assignment of which is not otherwise provided for in this Plan including, but not limited to, any land, leases, buildings, real property, plant, equipment, inventory, contract rights, receivables, trademarks, intangibles, discontinued products and other assets.

The net fair market value of the assets transferred to Dorset shall comprise, in aggregate, 87.43655% of the net fair market value of the Corporation's assets.

5. The Corporation shall transfer to Edgecliff:

(i) all the assets and liabilities, known and unknown, relating to its commercial and residential roofing materials business (excepting the mineral product business), including: (A) the assets and liabilities acquired by the Corporation as a result of and upon the merger of GAF Building Materials Corporation into the Corporation, which include, but are not limited to, all the outstanding stock of GAF Real Properties, Inc., GAFTECH Inc., and BMC Acquisition Corp. and also including contract rights, receivables, trademarks, intangibles and other assets and liabilities, known or unknown, relating to its commercial and residential roofing materials business (excepting the mineral products business); (B) all the land, leases, buildings, real property, property, plant, equipment, inventory, and other assets at the facilities and addresses listed in Exhibit D attached hereto; and (C) all right, title and interest of the Corporation in and to all the technologies used by the Corporation relating to the commercial and residential roofing materials business (excepting the mineral products business), including, but not limited to the patents and trademarks listed in Exhibit E attached hereto;

(ii) all liabilities, costs, fees and expenses, known and unknown, arising out of all claims, lawsuits or other actions (A) seeking recovery for bodily injury, sickness, disease or death alleged to have been caused in whole or in part by any asbestos or asbestos-containing material whether in the work place or otherwise, (B) seeking to recover the cost of abatement, removal or replacement of asbestos or asbestos-containing material from any public, commercial or private building or other structure, including the cost of health screenings, inspections and operation and maintenance programs, (C) seeking the clean-up of asbestos or asbestos-containing material from any land fill, waste disposal or other site, and (D) any other liability related to the manufacture, sale or use of asbestos or asbestos-containing material, whether arising pursuant to a contractual agreement or under Federal, state or local law, ordinance, regulation, rule or common law (in contract, tort or otherwise) (all such liabilities are hereinafter referred to as "Asbestos-Related Liabilities"), and all persons dedicated to the administration of Asbestos-Related Liabilities; and

(iii) all liabilities arising out of (A) shingle claims for discontinued products, (B) plant shutdowns, and (C) environmental claims from plants no longer operating and from oil waste pollution.

The net fair market value of the assets transferred to Edgecliff shall comprise, in the aggregate, 10.84552% of the net fair market value of the Corporation's assets.

6. The Corporation shall transfer to Merick:

(i) all the outstanding stock of GAF Broadcasting Company and The Classical Shopper, Inc.; and

(ii) any contract rights, receivables, trademarks, patents, copyrights, intangibles and other assets or liabilities, known or unknown, relating to GAF Broadcasting Company and the Classical Shopper, Inc.

The net fair market value of the assets transferred to Merick shall comprise, in the aggregate, 1.43884% of the net fair market value of the Corporation's assets.

7. The Corporation shall transfer to Perth all the outstanding stock of GAF Insurance Ltd.

The net fair market value of the assets transferred to Perth shall comprise, in the aggregate, .26752% of the net fair market value of the Corporation's assets.

8. The Corporation shall transfer to Clover all the assets and liabilities, known and unknown acquired by the Corporation as a result of and upon the merger of GAF Export Corporation with and into the Corporation, which include, but are

not limited to, all the land, leases, buildings, real property, property, plant equipment, inventory and other assets at the facilities and addresses listed on Exhibit F attached hereto, as well as any contract rights, receivables, trademarks, intangibles and other assets and liabilities, known or unknown relating to its export business.

The net fair market value of the assets transferred to Clover will comprise, in the aggregate, .01157% of the net fair market value of the Corporation's assets.

9. Notwithstanding any other provision of this Plan, Edgecliff shall assume 100% of all Asbestos-Related Liabilities, and Dorset, Merick, Perth and Clover shall not assume and shall not be liable for any Asbestos-Related Liabilities.

10. The Corporation shall transfer, convey, set over and assign all its duties, obligations and liabilities, under the 11 3/8% senior subordinated notes due June 15, 1995; the 10 3/8% senior subordinated notes due November 1, 1994; and the 10 7/8% senior subordinated debentures due November 1, 2001, all issued by the Corporation (collectively, the "Bonds"), to Dorset, Edgecliff, Merick, Perth and Clover, jointly and severally; and Dorset, Edgecliff, Merick, Perth and Clover by execution of Supplemental Indentures substantially in the form attached as Exhibit G shall undertake, assume and agree to perform, pay or discharge, jointly and severally (and be liable as among

themselves, 87.43655% by Dorset, 10.84552% by Edgecliff, 1.43884% by Merick, .26752% by Perth and .01157% by Clover) all the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) the Bonds.

11. The Corporation shall transfer, convey, set over and assign all its duties, obligations and liabilities, the transfer, conveyance, assignment or assumption of which is not otherwise provided for under this Plan, including, but not limited to, its liabilities (A) under the note issued by the Corporation to G-I Holdings Inc. on March 29, 1989 with a principal amount of \$5,170,300, (B) for workers compensation and medical benefits for retirees and former employees of discontinued operations, (C) for insurance claims arising for the 1983-84 year during which the Corporation was self-insured, (D) for pension plan termination liabilities, (E) for the redemption of Preferred Stock of the Corporation, and (F) for other legal claims, but excluding all Asbestos-Related Liabilities (all such liabilities collectively the "Other Liabilities") 87.43655% to Dorset, 10.84552% to Edgecliff, 1.43884% to Merick, .26752% to Perth and .01157% to Clover, severally; and Dorset, Edgecliff, Merick, Perth and Clover shall undertake, assume and agree to perform, pay or discharge, severally (87.43655% by Dorset, 10.84552% by

Edgecliff, 1.43884% by Merick, .26752% by Parth and .01157% by Clover) all the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless severally the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) the Other Liabilities.

12. Dorset, Edgecliff, Merick, Parth, and Clover shall each enjoy, to the fullest extent permitted under applicable law, the benefit of all insurance coverage of the Corporation in effect on the date the Plan is adopted.

13. Immediately after the adoption of the Plan, the officers of the Corporation shall cause to be executed and filed a Certificate of Dissolution of the Corporation in accordance with the General Corporation Law of the State of Delaware. After the distribution and transfer of assets pursuant to this Plan, the Corporation shall not carry on any activities other than for the purpose of winding up its affairs in accordance with Delaware law.

14. The Board of Directors and each of the officers of the Corporation are authorized to approve changes to the terms or timing (provided that in no event may any distributions pursuant to the Plan occur before or after the Liquidation Period) of any of the transactions referred to herein, to interpret any of the provisions of the Plan, to make, execute and

deliver such other agreements, conveyances, assignments, transfers, certificates and other documents and take such other actions as such Board of Directors and any such officers deem necessary or desirable, including such actions as may be necessary or desirable in order to carry out the provisions of the Plan. .

Exhibit A

Dorset Patents and Trademarks

Omitted from this copy.

DRAFT 3/27/89
TAX 046525664W
36854/0012

Exhibit B

Dorset Real Property

CHARMIAN, PENNSYLVANIA
Route 116

GAF Charmian, P.O. Box J
Blue Ridge Summit, Pennsylvania 17214

HAGERSTOWN, MARYLAND (Portion owned by GAF Corporation)
34 Charles Street (Zip Code 21740)
P.O. Box 1418
21741

KREMLIN, WISCONSIN (Portion owned by GAF Corporation)
Kremlin Plant and Quarry
Pembine, Wisconsin
54156

LINDEN, NEW JERSEY (Portion owned by GAF Corporation)
Foot of S. Wood Avenue
P.O. Box 12
07036

BINGHAMTON, NEW YORK
Parking Lot

Exhibit C

Trademarks Containing the Name "GAF"

Omitted from this copy.

Exhibit D

Edgecliff Real Property

BALTIMORE, MARYLAND
1500 So. Ponca Street
P.O. Box 9977
21224

CHESTER, SOUTH CAROLINA
190 Orrs Road
29706

DALLAS, TEXAS
2600 Singleton Blvd. (Zip Code 75212)
P.O. Box 655607
75265-5607

ERIE, PENNSYLVANIA
Foot of Sassafraz Street
P.O. Box 1128
16512

FONTANA, CALIFORNIA
11800 Industry Avenue S.W. Industrial Park
92335

IRWINDALE, CALIFORNIA
6230 Irwindale Avenue
P.O. Box 2148
91706

MILLIS, MASSACHUSETTS
60 Curve Street
02054

MINNEAPOLIS, MINNESOTA
50 Lowry Avenue N.
55411

MOBILE, ALABAMA
2400 Emogene Street
P.O. Box 6377
36660

MOUNT VERNON, INDIANA
Givens Road
47620

NASHVILLE, TENNESSEE
Fiberglass Road
37210

PLAINFIELD, ILLINOIS
600 Lockport Street
60544

SAVANNAH, GEORGIA
1 Brampton Road
P.O. Box 7329
31418

SOUTH BOUND BROOK, NEW JERSEY
35 Main Street
08880

TAMPA, FLORIDA
5138 Madison Avenue
P.O. Box 5176
33675

GLOUCESTER CITY
New Jersey

Exhibit E

Edgecliff Patents and Trademarks

Omitted from this copy.

Exhibit F

Clover Real Property

GAF EXPORT CORPORATION
Suite 206B, Iturregui Plaza
65th Infanteria Avenue
Rio Piedras, Puerto Rico 00924

Exhibit G

Supplemental Indentures

Omitted from this copy.

EXHIBIT 4

"Highly Confidential"

AND ASSUMPTION

INSTRUMENT OF ASSIGNMENT AND ASSUMPTION, dated as of April 10, 1989, by and among GAF Corporation (the "Corporation") and Dorset Inc. ("Dorset"), both Delaware corporations (the "Instrument").

WHEREAS, the holders of all the outstanding shares of capital stock of the Corporation entitled to vote thereon have adopted and approved a Plan of Complete Liquidation of the Corporation (the "Plan");

WHEREAS, Dorset owns 87.43655% of the capital stock of the Corporation;

WHEREAS, pursuant to the Plan, the Board of Directors of the Corporation has determined to effect the distribution and transfer of all of its assets and liabilities to all of its stockholders;

WHEREAS, pursuant to the Plan, the Corporation has filed a Certificate of Dissolution in the state of Delaware;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto take the following actions:

1. The Corporation hereby transfers, conveys, sets over and assigns to Dorset:

(1) all the assets and liabilities, known and unknown, relating to its acetylenic chemicals, surfactants, specialty chemicals, organometalics, mineral products, industrial filters and filter vessels businesses (collectively, the "Chemicals Businesses"), including but not limited to: (A) all the outstanding stock of GAF Chemicals Corp., General Aniline and Film Corp., GAF Realty Corporation, GAF International Corporation, Ludlow Inc., Bluehall Inc., Mossbank Inc., Alkaril Chemicals Ltd. (Canada), GAF (Australasia) Pty. Ltd., GAF (Belgium) N.V., GAF do Brasil Industria e Comercio Ltda, GAF (Canada) Inc., GAF (Deutschland) GmbH, GAF (France) S.A., GAF Freight Services N.V. (Belgium), GAF (Great Britain) Co. Ltd., GAF (Hong Kong) Limited, GAF Insurance Ltd. (Bermuda), GAF (Italia) S.r.l., GAF (Japan) Ltd., GAF Corporation de Mexico, S.A. de C.V., GAF (Norden) A.B., GAF (Osterreich) Ges.m.b.H., GAF Sales (U.K.) Limited, GAF (Singapore) Pte. Ltd., GAF (Switzerland) A.G., GAF (U.S. Virgin Islands), Inc., and all the shares of GAF-Huls Chemie GmbH held by the Corporation; (B) all right, title and interest of the Corporation in and to all the technologies and trademarks and tradenames used by the Corporation relating to the Chemicals Businesses, including, but not limited to the patents and trademarks listed in Exhibit A attached hereto; (C) all the Corporation's real property interests listed in Exhibit B attached hereto;

"HIGHLY CONFIDENTIAL"

(ii) notwithstanding any other provision of this Instrument, all its trademarks or tradenames that contain the name "GAF", including, but not limited to those contained in Exhibit C attached hereto (to the extent owned by the Corporation); and

(iii) all of its assets, known or unknown, not otherwise transferred, conveyed, set over, or assigned or assumed under this Instrument or under Instruments of Assignment and Assumption of even date herewith between the Corporation and one or all of its stockholders (collectively, the "Other Instruments"), including, but not limited to, any land, leases, buildings, real property, plant, equipment, inventory, contract rights, receivables, trademarks, intangibles, discontinued products and other assets.

2. Dorset hereby undertakes, assumes and agrees to perform, pay or discharge all of the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) the assets and liabilities transferred, conveyed, set over or assigned to it under paragraph 1 above.

3. Notwithstanding any other provision of this Instrument, Dorset shall not assume and shall not be liable for

any liabilities, costs, fees and expenses, known or unknown, arising out of any claims, lawsuits or other actions (A) seeking recovery for bodily injury, sickness, disease or death alleged to have been caused in whole or in part by any asbestos or asbestos-containing material whether in the work place or otherwise, (B) seeking to recover the cost of abatement, removal or replacement of asbestos or asbestos-containing material from any public, commercial or private building or other structure, including the cost of health screenings, inspections and operation and maintenance programs, (C) seeking the clean-up of asbestos or asbestos-containing material from any land fill, waste disposal or other site, and (D) any other liability related to the manufacture, sale or use of asbestos or asbestos-containing material, whether arising pursuant to a contractual agreement or under Federal, state or local law, ordinance, regulation, rule or common law (in contract, tort or otherwise) (collectively, the "Asbestos-Related Liabilities").

4. The Corporation hereby transfers, conveys, sets over and assigns to Dorset:

(1) 100% of the liabilities arising out of (A) the production of Amiben; (B) Project Aware environmental clean-up costs; and (C) environmental claims arising out of plants currently operating in the Chemicals Businesses (collectively, the "Specific Liabilities"); and

"HIGHLY CONFIDENTIAL"

(ii) 87.43655% of its duties, obligations and liabilities, not otherwise transferred, conveyed, set over, or assigned or assumed under this Instrument or under the Other Instruments (all such duties, obligations and liabilities collectively the "Other Liabilities"), including, but not limited to, its liabilities (A) under the note issued by the Corporation to G-I Holdings Inc. on March 29, 1989 with a principal amount of \$5,170,300, (B) for workers compensation and medical benefits for retirees and former employees of discontinued operations, (C) for insurance claims arising with respect to the 1983-84 year during which the Corporation was self-insured, (D) for pension plan termination liabilities, (E) for the redemption of the Preferred Stock of the Corporation, and (F) for other legal claims, but excluding all Asbestos-Related Liabilities.

Dorset hereby undertakes, assumes and agrees to perform, pay or discharge all the duties, obligations and liabilities of the Corporation with respect to (and to defend, indemnify and hold harmless severally the Corporation from and against all losses, liabilities and expenses, including legal fees and court costs, suffered or incurred in connection with) 100% of the Specific Liabilities and 87.43655% of the Other Liabilities.

5. Dorset shall enjoy, to the fullest extent permitted under applicable law, the benefit of all insurance coverage of the Corporation in effect on the date of the adoption of the Plan.

"HIGHLY CONFIDENTIAL"

6. The parties hereto hereby agree to execute and deliver such further instruments and documents as any party shall reasonably request to effect the foregoing transactions.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first above written.

GAF Corporation

By 

Dorset Inc.

By 

EXHIBIT 5

~~X~~

ASSUMPTION OF LIABILITIES AND CONTINUING OBLIGATIONS

ISP Environmental Services
This Assumption is made on May 8, 1991 by
ISP 9 Corp., a Delaware corporation ("Subsidiary") in favor
of GAF CHEMICALS CORPORATION, a Delaware corporation ("GCC")
and GAF Corporation, a Delaware corporation ("GAF").

Subsidiary hereby assumes the proper, full and
timely payment and performance of all the liabilities,
contingent or otherwise, and obligations of GCC described in
the attached schedule (the Assumed Liabilities").

Subsidiary shall indemnify, defend and hold
harmless GCC, GAF and its other subsidiaries from and
against any and all Assumed Liabilities and any and all
liabilities, costs and expenses in connection with any
investigations, claims, actions, suits or proceedings
arising out of or resulting from the conduct of any
business, ownership of any assets or incurrence of any
liabilities or obligations on and after May 8, 1991 by
Subsidiary. If GCC or GAF shall receive notice of any such
investigation, claim, action, suit or proceeding, it shall
promptly notify Subsidiary which shall be entitled and
obligated to defend or settle the same through its own
counsel and at its own expense, but GCC or GAF, as the case
may be, shall provide any cooperation reasonably requested
by Subsidiary upon receipt of reasonable assurance from

Subsidiary that it will reimburse the reasonable cost of such cooperation. Notwithstanding the foregoing, any liabilities, costs and expenses which are apportioned pursuant to, or against which indemnification is provided under the Tax Sharing Agreement referred to in Section 3.3 of the Reorganization Agreement dated as of May 8, 1991 between GCC, GAF, Subsidiary and certain other subsidiaries of GCC (the "Reorganization Agreement"), shall be treated as provided for in such Tax Sharing Agreement and shall be excluded for purposes of this Assumption.

Subsidiary disclaims any assumption or other responsibility for the liabilities and continuing obligations of GCC, GAF or any of its other subsidiaries other than those expressly assumed herein and shall be indemnified against such liabilities and obligations by GCC and GAF to the extent provided in Section 4.2 of the Reorganization Agreement.

IN WITNESS WHEREOF, the parties have executed this
Agreement on the date first above written.

ISP 9 CORP.

By 
Senior Vice President

Acknowledged and Agreed:

GAF CHEMICALS CORPORATION

By 
Senior Vice President

SCHEDULE OF LIABILITIES AND OBLIGATIONS

All liabilities and obligations relating to the manufacture and sale of specialty chemicals at Linden, NJ, known and unknown, contingent or otherwise, including liabilities for the remediation of the Linden site and those liabilities shown on the balance sheet for ISP 9 Corp. dated as of May 8, 1991.

EXHIBIT 6

WOLFF & SAMSON

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW
280 CORPORATE CENTER
5 BECKER FARM ROAD

ROSELAND, NEW JERSEY 07068-1776

973-740-0500

TELECOPIER: 973-740-1407

NEW YORK OFFICE:
370 LEXINGTON AVENUE
SUITE 1205
NEW YORK, NEW YORK 10017
212-973-0572

WRITER'S E-MAIL:

DTOTF@WOLFFSAMSON.COM

WRITER'S DIRECT DIAL:
973-533-6538

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GAGE ANDRETTA*
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KAREN L. GILMAN
EDWARD S. SNYDER
KENNETH N. LAPTOOK*
DAVID L. SCHLOSSBERG
PAUL M. COLWELL
ROBERT E. NIES
MORRIS BIENENFELD*
DENNIS BRODWIN
DENNIS M. TOFT
M. JEREMY OSTOW
JEFFREY M. DAVIS
JOHN F. CASEY
JAMES D. FERRUCCI
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WILLIAM E. COYDAN*

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HOWARD J. MENAKER
ANGELO A. MASTRANGELO
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ARTHUR M. HALBANDIAN*
AIMEE M. CUMMO

*MEMBER N.J. AND N.Y. BARS
**MEMBER N.Y. BAR ONLY

May 29, 1998

Via Telecopy and Regular Mail

Patricia Simmons, Esq.
United States Environmental
Protection Agency Region II
290 Broadway, 17th Floor
New York, New York 10007

Re: LCP Chemicals

Dear Ms. Simmons:

As we discussed on the telephone, our firm is counsel to ISP Environmental Services, Inc., the successor to GAF Corporation with respect to the LCP Chemicals site.

As I also indicated to you, we had previously requested on behalf of ISP, an extension of time to respond to the 104(e) request. I have attached a copy of prior letter to Mutha Sundram requesting this extension. I also left several voicemails with Mr. Sundram but did not receive a response. Pursuant to the restrictions in the 104(e) request, I contacted Mr. Sundram as counsel and assumed that he was passing on our messages to you.

WOLFF & SAMSON

Patricia Simmons, Esq.

May 29, 1998

Page 2

This will also confirm that you have granted ISP/ESI an extension until June 15, 1998 to submit a response to the 104(e) request. As I am sure you can appreciate it was difficult for ISP/ESI to locate relevant documents and identify individuals with knowledge concerning any relationship with the LCP site.

Thank you for your courtesies with respect to this matter.

Very truly yours,



DENNIS M. TOFT

DMT:jmc

Enclosure

cc: Celeste Lagomarsino, Esq. (via telecopy)

EXHIBIT 8

WOLFF & SAMSON

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW
280 CORPORATE CENTER
5 BECKER FARM ROAD

ROSELAND, NEW JERSEY 07068-1776

973-740-0500

TELECOPIER: 973-740-1407

NEW YORK OFFICE:

370 LEXINGTON AVENUE

SUITE 1205

NEW YORK, NEW YORK 10017

212-973-0572

WRITER'S E-MAIL:

DTOFT@WOLFFSAMSON.COM

WRITER'S DIRECT DIAL:

973-533-6538

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JOEL A. WOLFF
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HOWARD J. MENAKER
ANGELO A. MASTRANGELO
OF COUNSEL

November 12, 1998

WITHOUT PREJUDICE FOR SETTLEMENT PURPOSES ONLY

VIA FEDERAL EXPRESS

Mutha Sundram, Esq.
Assistant Regional Counsel
Office of Regional Counsel
US Environmental Protection Agency
Region II
290 Broadway, 17th Floor
New York, New York 10007

Re: LCP Chemicals, Inc. Superfund Site, Linden, New Jersey

Dear Mr. Sundram:

This firm is counsel to ISP Environmental Services Inc. ("ISP"), a "PRP" in the above-referenced matter. This letter constitutes ISP's "good faith proposal" to enter into negotiations with the USEPA regarding the performance of the RI/FS. ISP's willingness to enter into these negotiations is without prejudice and for settlement purposes only. ISP does not admit any liability for remediation at the LCP site. Indeed, based upon the information available to us, including the references to specific discharges, it appears that the contamination at the site occurred after the 1972 sale by ISP's predecessor to LCP.

Moreover, ISP's willingness to enter into an agreed order is premised upon its understanding that there will be a number of responsible parties who are signatories to the Order so that each party will only pay its fair share of any RI/FS expense. To this

end, ISP would like to pursue with EPA a mechanism to ensure that all of the PRPs participate in the Order. ISP also wishes to discuss with USEPA the status of LCP, and USEPA's willingness to fund any orphan share liability attributable to LCP.

The following paragraphs correspond to the numbered paragraphs in the September 30, 1998 General Notice Letter.

1. Subject to the successful resolution of the issues described herein, and reaching agreement on a mutually satisfactory Order on Consent, ISP is willing to conduct the RI/FS and to reimburse its fair share of the cost associated with USEPA's oversight of the RI/FS.

2. ISP's comments on the draft Administrative Order on Consent for the Remedial Investigation and Feasibility Study are attached.

3. ISP's remediation of its own property under the direction of the New Jersey Department of Environmental Protection ("NJDEP") is a clear demonstration of its technical capacity to carry out the RI/FS. ISP along with other parties who sign the Consent Order proposes that to select the firm it will use to carry out the RI/FS, ISP will utilize a bidding process involving firms that it has previously utilized to conduct similar studies and other firms that are qualified based upon past experience.

4. In demonstration of ISP's ability to finance the RI/FS, please note that NJDEP has accepted a self-guarantee from ISP in connection with the cleanup of the adjacent ISP Linden site.

5. ISP agrees to reimburse the USEPA for its legally recoverable share of cost involved in the oversight of the PRP conduct of the RI/FS.

6. ISP will be represented in the negotiations with the USEPA by:

Dennis M. Toft, Esq.
Wolff & Samson
5 Becker Farm Road
Roseland, NJ 07068
(973) 533-6538

In addition to resolving the language of the Order, ISP also wishes to discuss having NJDEP become the lead agency to this remediation.

ISP strongly believes that the NJDEP should be the lead agency at the LCP Chemical Site due to its previous experience at the facility and the surrounding area:

1. In the mid-1990's, the Praxair lease-hold portion of the site apparently underwent an ECRA/ISRA cleanup under the supervision of the NJDEP;
2. In 1981, the NJDEP entered into an Administrative Consent Order with LCP Chemical Company dealing with the same brine sludge lagoons which are the focus of the proposed RI/FS.
3. NJDEP is overseeing the remediation of ISP's adjoining property.

The NJDEP already has a long history and knowledge of the LCP site, which it can draw upon to expedite the RI/FS and subsequent remediation. For these reasons, we request, that the lead agency be changed from USEPA to NJDEP, and would like to discuss this change with both agencies.

Please contact me to discuss this matter at your earliest convenience.

Very truly yours,

DENNIS M. TOFT

DMT:jmc

Enclosure

cc: Ms. Patricia Simmons
Remedial Project Manager
Emergency and Remedial Response Division
US Environmental Protection Agency
290 Broadway, 20th Floor
New York, NY 10007-1866

**COMMENTS TO PROPOSED ADMINISTRATIVE CONSENT ORDER
ON BEHALF OF ISP ENVIRONMENTAL SERVICES, INC. ("ISP"), ITS
PAST AND PRESENT AFFILIATES, PARENTS AND SUBSIDIARIES**

The following are the comments of ISP to the Proposed Consent Order for conducting an RI/FS at the LCP Chemical site:

1. Paragraph 4 of the Consent Order should be modified to reflect that respondents' responsibility under the Consent Order could be modified by a change in ownership or corporate status with the approval of USEPA, which approval should not be unreasonably withheld. This would make Paragraph 4 of the Consent Order consistent with Paragraph 5 which deals with subsequent owners being responsible, yet provide USEPA with the comfort that any subsequent owner would continue to have adequate financial wherewithal to complete the required obligations.

2. Findings of Fact and Conclusions of Law. ISP has several questions about Paragraph 8. First, the property to the north is not owned by GAF Corporation, it is now owned by ISP Environmental Services, Inc. Second, it is not clear where EPA got the information that GAF purchased the land from the US government in 1950. At that point in time, all of the stock of GAF Corporation was held by the US government through the alien property custodian. ISP also does not acknowledge that it discharged any brine sludge to the brine sludge lagoon on the property. ISP also does not agree to the findings regarding the proximity of homes or the presence of threatened or endangered species near the site.

3. With respect to Paragraph 9, it should be clear as described in the paragraph, that all of the documented releases occurred after ISP's ownership. ISP does not admit any responsibility for any releases at the site.

4. With respect to Paragraph 9 as well, it is unclear what steps, if any, LCP took to comply with the 1981 NJDEP Administrative Consent Order and why this matter is now an EPA lead case, given the prior Consent Order was with NJDEP.

5. With respect to Paragraph 10, ISP does not admit that there is ongoing leaching of the contaminants from the site.

6. With respect to Paragraph 13, as noted above, ISP Environmental Services, Inc., including its past affiliates, parent and subsidiary companies are respondents to the Consent Order.

7. With respect to Paragraph 15, ISP does not admit to any documented significant releases at the site or that it is anyway responsible for any documented release. All of the releases described in this paragraph occurred after ISP's ownership.

8. With respect to Paragraph 20, ISP does not admit that it is a responsible party under CERCLA. ISP is willing to enter into a Consent Order and to conduct the RI/FS without any admission of liability on its part in an effort to settle the matter without the need for litigation. Language reflecting this needs to be added to Paragraph 20 even though it is present elsewhere in the order.

9. With respect to Paragraph 23, ISP believes that because of its prior involvement with the site and its involvement in supervising remediation, it is ongoing in neighboring facilities, NJDEP and not EPA should be the lead agency for coordinating a remedial investigation/feasibility study at the site. NJDEP was involved in the 1981 ACO involving LCP and in a prior ISRA cleanup performed by Praxair. Moreover, NJDEP is supervising the cleanup of ISP's neighboring facility. In order to save costs and to coordinate an uniform remediation effort make sense for NJDEP to have this and all of the surrounding sites under its supervision.

10. In Paragraph 24 please change the 21 day requirement and the 14 day requirement to 30 days each.

11. With respect to the RI/FS work plan and schedule, please change the 30 day time period to 60 days in each instance. Given that time is allowed to select an appropriate consultant and a bidding process, it makes sense for these times to be sufficient to allow the consultant to be retained and commence work.

12. With respect to Paragraph E Task 5 Treatability Study, 14 days is insufficient to submit a treatability testing statement of work. Please extend this 30 days.

13. With respect to Paragraph 35, ISP requests that the progress reports be done a quarterly basis rather than a monthly basis. Given the time frames usually involved in undertaking remedial investigations, and feasibility studies, monthly progress reports should be unnecessary.

14. With respect to Paragraph 38 and 50, please advise how the respondents will be provided access to the property and whether EPA has already arranged to obtain access to the LCP site. Given that LCP is still under the jurisdiction of the bankruptcy court, please advise whether EPA has investigated whether bankruptcy court approval is necessary for any access agreement. In any access agreement, GAF will not agree to provide

compensation to LCP since LCP is also a responsible party. Paragraph 50 should be modified accordingly.

15. With respect to Paragraph 40, please confirm that the notice reflected in the parenthesis goes to the Chief of Central New York Remediation as opposed to the Chief of Central New Jersey Remediation.

16. With respect to Paragraph 51, please insert language requiring EPA personnel or other regulatory officials to comply with the site health and safety plan when they obtain access to the property.

17. With respect to Paragraph 60 and 61, it is unfair and a violation of due process to access stipulated penalties while a dispute resolution mechanism is being pursued. If respondent prevails in a dispute resolution it certainly should not be expected to pay stipulated penalties. Additionally, dispute resolution becomes an ineffective remedy if EPA retains a stipulated penalty threat during the pendency of the resolution process. An automatic stay of penalties should be provided.

18. Given the significant amount of the stipulated penalties proposed by EPA, it is important that all of the time frames in the Consent Order be extended so that they can reasonably be achieved by the respondents. Additionally, the Order does not indicate who is the final arbiter of whether a "deliverable is of acceptable quality". Disputes concerning the quality and acceptability of any given deliverable should not automatically lead to the assessment of stipulated penalties. GAF requests that the proposed amounts of stipulated penalties be reduced and that acceptability criteria for deliverables be addressed.

19. Paragraph 69 should be clarified that if EPA requires corrections of an interim deliverable in the next deliverable it will automatically mean that the interim deliverable had been deemed acceptable by USEPA and therefore no stipulated penalty should accrue.

20. With respect to Paragraph 72, again please verify that the notice goes to the Chief of the Central New York Remediation Section.

21. With respect to Paragraph 76A and B, EPA should accept a corporate check and not require payment by cashier's or certified check.







22. With respect to Paragraph 79, since EPA will be receiving interest on late payments of oversight costs, the Order should make clear that late payment of oversight cost does not entitle EPA to obtain stipulated penalties.

23. With respect to the financial assurance requirements, respondent notes that NJDEP has accepted a self-guaranty with respect to remediation of the neighboring property. ISP proposes a similar mechanism in this case.

24. With respect to the RI/FS Statement of Work, ISP reserves its right to provide additional comments once it learns more about the previous work on the site. For instance, given that there was a previous DEP ACO on the site, it may be inappropriate to require performance of all of the items in the Statement of Work.

EXHIBIT 1

CORPORATE NAME CHANGES

| | | |
|---|---|---------------------|
|  | TRANSFERRED FROM ALBERT CHEMICALS COMPANY TO D & F CORPORATION - 1963 | (19) |
|  | TRANSFERRED FROM CENTRAL REPROD. CO. OF N.J. TO GENERAL ANILINE & FLUO CORPORATION - 1968 | (12) |
|  | TRANSFERRED FROM E.I. DUPONT DE NEMOURS & CO. TO GENERAL ANILINE & FLUO CORPORATION - 1940-1963 | (8) (9) (15) |
|  | GRASSBELL CHEMICAL COMPANY TO GRASSBELL DUSTLESS CORPORATION - PRIOR TO 1928 | (4) (5) |
|  | CONVERTED BY GAF CORPORATION TO LINDEM CHEMINE PRODUCTS - 1972 | (27) |
|  | CONVERTED BY LINDEM CHEMINE PRODUCTS TO L.C.P. CHEMICALS-NEW JERSEY, INC. - 1978 | (28) (29) (30) (31) |

[illegible]

| | | | | | |
|--|---|--|---|---|---|
| | CHRONOLOGICAL DEED PLOTTING FOR LCP Chemicals & Plastics, Inc. TAX BLOCK 587 CITY OF LINDEN, UNION COUNTY, NEW JERSEY | | Keller & Kirkpatrick <small>Certified of Authorization by the State of New Jersey</small> 301 Gibraltar Drive, Suite 8A, Morris Plains, NJ, 07960 973-977-8800 CONSULTING ENGINEERS LAND SURVEYORS LANDSCAPE ARCHITECTS PLANNERS | DATE: 4/23/08 SCALE: 1"=200' P.L.D. BK.: PROJ.: 2001202 CHKD.: PAGE: | 6 5 4 3 2 1 REVISIONS |
| | | | KENNEDY A. MALL, Professional Land Surveyor, L.S. 37291 GEORGE P. JAMES, Professional Engineer, L.E. 32899 | | |